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The Nation's Business

The Gasoline Tax
High Wages and American Business
Will United States Prosperity Last?
Sir Hugh Denison on Empire Trade

IT IS an interesting discussion that has been raised by Hardware and Metal in regard to payment by the Ontario government of a commission to the oil companies for collection of the gasoline tax from service stations and other distributors. When Hardware and Metal pointed out that the oil companies were being paid 2 per cent. for the collecting of the tax, and were asking to have this increased to 2½ per cent., there was considerable criticism of the government to paying such a commission and of the oil companies for demanding a higher rate of payment. With these criticisms The Financial Post does not associate itself. If any government considers that it can save money by making such an arrangement as it has made in this instance, letting the oil companies, who have records of all sales of gasoline by distributors, collect the tax and pay it over in lump sums, rather than setting up extensive machinery of tax collectors all over the province, then that government may be doing the business-like thing in entering into the arrangement. And if the oil companies think they are being underpaid for the work, they have a right to ask for an increase in their compensation, a request that would have to be dealt with by the government on its merits and after a study of the companies' books.

* * *

THERE will, however, be universal agreement among business men with the criticism of an apparent lack of frankness about the arrangement.

The public accounts of the province have only shown net raceipts from the tax. Obviously they should be amended in the future to show separately the total collections as revenue and the commission to the oil companies as expense.

The oil companies, too, have been far from frank. It is remarkable that a week after the publication of Hardware and Metal's article there has not been any official statement from any one of the oil companies, explaining the oil companies' position and showing what services they render for the money they receive. Imperial Oil Company, British American Oil Company and the lesser companies have apparently seen fit to ignore the public discussion. It is the old story of letting the public think what it likes. The public is disposed to treat large corporations and industrial companies fairly when everything is done openly and above board. When the companies take the attitude that the public is not entitled to information regarding their mutual relations, then they are piling up trouble for themselves.

* * *

CANADIANS cannot but be interested in the trend of business in the United States. It is now a very live question across the line as to whether the present high level of prosperity can be maintained. If it is not, and a sharp reversal of business is experienced, Canada is likely to feel some immediate effect. To trace the connection between American and Canadian prosperity we need only consider our newsprint paper industry which is now producing income for Canada at the rate of about $120,000,000 annually. But of the paper we are producing, almost $110,000,000 worth goes to American newspapers. Obviously if the American business level declines seriously, demand for Canadian newsprint will fall off and our prosperity will be materially affected. This is the extreme example, but it goes to show the connection between Canadian and American business and to define Canada's interest in the trend of business across the line.

* * *

VARIOUS British observers have been viewing, from their somewhat detached pinnacle, the unprecedented advance in prosperity in the United States. Some of them are inclined to look upon it as the product of high wages, sustained only by a process of pyramiding.

Hamilton Fyfe, in an article in the Spectator, has discussed the phenomenon. Mr. Fyfe is editor of the Daily Herald, organ of the British Labor party. He is an able, honest and

(Continued on page 16)

RISE IN CANNERS COMMON STOCK IS NOT EXPLAINED

Shares Seem High in Price in Comparison With Others

CHEAP, SAY INSIDERS

But With Preferred 19 Per Cent. in Arrears Distribution on Junior Issue is Remote

The steady increase in the market value of Canadian Canners common has been a mystery of the Toronto stock exchange for many weeks. Why, it is being asked, is Canners common selling at such a high figure in comparison with some other stocks with which it may fairly be compared?

The accompanying table has been prepared to show in what respects Canners common seemingly is priced too high. It is selling at present at near the same figure as International Nickel. International Nickel last year earned $63.35 on each share of preferred stock; Canners earned $5.92 on its preferred and arrears aggregate 19 per cent. International Nickel earned $3 on its common stock and paid $2 in dividends. Canners earned nothing on its common and nothing was paid.

Younger Company Earns More

Cosmos Imperial Mills has not been the concern of investors for so long as Canners, but comparisons are interesting. Cosmos is earning above 15 per cent. on its preferred and nearly $3 on its common. Yet the common is selling at less than half the price of Canners common on which dividends appear to be remote.

Monarch Knitting and its prospects perhaps are not so good as those of Canadian Canners. But it is noted that while Canners last year earned $5.92 on its preferred, Monarch Knitting earned $4.35. It is true that Monarch Knitting preferred dividends are 49 per cent. in arrears, compared with 19 per cent. arrears for Canners, but this difference is offset in some degree by the fact that Monarch has no bonded debt, while Canners has outstanding $4,009,000 of bonds. Monarch common is changing hands at around 7½, compared to Canners common at 40.

Howard Smith Paper earned $25.54 on its preferred and $7.62 on its common. Its common is selling at 65, which seems a low price compared to Canners at 40 so long as there are arrears of preferred dividends. Bonded debt in both cases is about the same.

Small Floating Supply

The real reason for the strength of Canners common on the Toronto exchange appears to be that there is comparatively little stock on the market. Of the 22,824 shares outstanding, it is estimated that at least 75 per cent. are held by a few directors and others close to the management and that none of these shares have been on the market in the recent rise in price. With only about 6,000 shares available for trading, the buying movement does not need to be specially pronounced to push up the price.

Insiders Call it Low

So far as can be discovered, those on the inside of Canadian Canners believe that the stock, even at 40, is low priced. The management and the directors are convinced that the company has a bright future. But at the same time it is admitted that an increase in the dividend being paid on the preferred is improbable this year, so that the preferred will be 22 per cent. in arrears at the end of 1927.

However, there are many favorable factors in connection with Canadian Canners. The management is able and aggressive. In the last year or two the company has adopted a policy of lowest prices consistent with quality and and advertising campaign carried on in 1927 has increased demand materially. While the direct and indirect expense of this campaign was met out of 1926 earnings, it should not be overlooked that advertising is progressively cumulative, so that there should be returns in 1927 and later years, from the 1926 efforts, assuming that the effort is continued. More than $400,000 was spent on advertising in 1926.

Canadian Canners balance sheet shows that liberal reserves are being created for depreciation and a noteworthy item in the annual report (reviewed elsewhere in this issue) is the transfer of $650,000 from the corporate surplus to contingent reserve.

How Market Price of Canners' Common Compares With Other Common Stocks

	Can. Canners	Monarch Knit.	Howard Smith Paper	xCosmos Imp. Mills	Int. Nickel
Market price com.	40	7½	65	18⅞	41
Do. pfd.	85	54	107	96	105
Earn. on pfd.	5.92	4.35	25.54	x 7.92	63.35
Earn. on com. ...	Nil	Nil	7.62	x 1.46	3.00
Pfd. arrears	19%	49%	None	None	None
Common	$2,282.412	$1,275,000	$3,693,000	$50,000 N.P.	$41,834,600
Preferred	9,114,282	750,000	1,599,700	1,500,000	8,912,600
Bonds outstand.	$4,009,000	None	$4,465,400	$980,000	None

x Figures are for six months. Approximate annual rate is double.

Orders for Cars for Besco Plant

From Our Own Correspondent.

SYDNEY. — Coal shipments from Louisburg continue brisk although the last of the British contracts were completed over a week ago. Present cargoes are going coastwise to Halifax and Saint John, with large shipments to Montreal, via Portland, Maine.

Fairly extensive C.N.R. orders for the Eastern Car Company, New Glasgow, a Besco subsidiary, are reported, including 15 snow plows, 200 refrigerator cars and 200 automobile cars.

BESCO BANKS COAL AND SYDNEY MINES ARE ACTIVE AGAIN

Now Preparing for Opening of St. Lawrence Navigation

From Our Own Correspondent.

SYDNEY.—On top of the full time work that has been enjoyed since early in 1926, Cape Breton miners and business men got another pleasant surprise when Dominion Coal headquarters announced that 500,000 tons of coal will be dug and banked between now and April 15, in preparation for the opening of St. Lawrence navigation.

The news is all the more pleasing because English shipments had been completed some time ago and it was generally expected the mines would be idle for the next six weeks.

About 250,000 tons will be dumped at Sydney and about the same amount of New Aberdeen. Last year the company banked little or no coal and towards the close of the season had to use the more costly Louisburg-Portland route to fill the balance of its Montreal orders. The present move guards against such a contingency this year, and also provides a reserve for rush shipments to the United States if the U. M. W. strike there again this spring.

A special bank of 75,000 tons of slack is being built with the requirements of New England gas plants, especially in mind.

Geoffrey Mayhew, principal English owner of the noted "Broughton" property, unworked for many years and containing 100,000,000 tons of high class bituminous, has arrived in the district and an announcement that Besco has acquired the property is expected at any time.

NEW COMPANY WILL OPERATE ARNOLD BROS.

Capital Structure Will be Bonds, One Preferred, No Par Common

RETIRE 2ND PREFERRED

Acquisition of Martin Stores Will Give Arnold Chain Turnover of $12,000,000 Annually, It is Said

A new company to be known as Arnold Bros., Ltd., is to be organized to take over Arnold Bros. and A. Martin's as the result of the purchase of the 64 Martin stores by the Arnold Bros. interests headed by T. A. McAuley.

The capital structure of the new company will be as follows:

$1,200,000 6 per cent. twenty-year gold bonds.

$1,011,500 7 per cent. sinking fund cumulative preferred stock.

81,500 shares of no-par value common stock.

Arnold Bros. at present is capitalized as follows:

$500,000 7 per cent., first preferred, cumulative.

$235,000 8 per cent. second preferred, cumulative.

50,000 no-par value common.

Retire Second Preferred

Holders of first preferred in the old Arnold's company will be asked to exchange their shares on the basis of one share of old for one share of new.

Holders of second preferred will be asked to exchange on the basis of nine new preferred for ten old second preferred.

Holders of present common will be asked to exchange their shares on the basis of one for one. Holders of the present common shares also are given the right to buy one additional share of common at $20 for each two shares of common held. On the basis of Thursday's prices of Arnold common, these rights are worth about $2 per share, but those connected with the company contend that the shares are worth about $30, which would give the rights a value of $5 each.

While some details of the new financing are yet to be decided, the new structure, it is learned, will be as outlined in the foregoing. The sinking-fund feature of the new preferred stock is for the purpose of ultimate redemption of the issue. It is to be provided that 5 per cent. of the net earnings applicable to com-

(Continued on page 5)

Alberta Asks Ottawa Not to Grant Rights to Calgary Power Co.

Wants to Go Into Gigantic Public Ownership Scheme

BUY OUT POWER PLANT

Province Would Have to Take Over Bow River Plant of Calgary Power—National Parks Are Issue

From Our Own Correspondent.

CALGARY.—The three-year-old issue of the development of hydro-electric power at Spray Lakes, in the Banff National Park, by the Calgary Power Company, of which I. W. Killam, of Montreal, is president, has been definitely shifted from Edmonton to Ottawa. This has come about through the action of the Alberta legislature, in urging the federal government to issue the license for the development of this power to the Alberta government before the end of the present Ottawa session. Premier Brownlee is not sanguine that immediate action will be taken at Ottawa, for he expresses the fear that when parliament comes to consider the matter of power development within the confines of national parks, there will be further delays.

However, he put his cards on the table, although he admitted that he did so with reluctance, as he figured that now that the Calgary Power Company, whose stock is held principally in the east, knew exactly what the province was going to do, it was liable to send the price up $1,000,000 when the province came to negotiate with it for the purchase of its present properties.

Public Ownership Policy

In reality, the question has boiled down to a declaration by the Alberta government that, so far as possible and expedient, it is going to follow a policy of public ownership, control and operation of utilities. This declaration has been lacking officially in respect of the power project.

The whole situation is interesting

(Continued on page 5)

PREMIER J. E. BROWNLEE,
Of Alberta, who asks the Dominion Government to grant his province power rights in the National Parks and who plans a provincially-owned power development scheme for his province.

Canadian Companies Plan Gigantic Sales Merger in Newsprint

Almost 50% of Canadian Output Would Be Involved

ONE SALES COMPANY

Effort is to Avoid Price-cutting Due to Temporary Over-Expansion of Industry

From Our Own Correspondent.

MONTREAL.—Almost 50 per cent. of the Canadian newsprint industry may shortly consolidate its sales' efforts into one organization; some of the largest newsprint interests in the Dominion are engaged in working out the negotiations leading to the consummation of such a plan.

There are already several newsprint sales companies such as the Canadian Export Company, the St. Maurice Valley Sales Corporation and the George H. Mead Company in which the sales efforts of groups of independent companies are combined. The present projected combination is far larger than any of these and embraces newsprint producers which, by the middle of the year, will have a total daily rated capacity in excess of 3,000 tons of newsprint. The present output of the Canadian mills runs to about 6,400 tons of newsprint daily; it will be seen, therefore, that the projected co-operative sales effort will include nearly 50 per cent. of all the newsprint mills in Canada.

Is Still Not Consummated

Because of the situation surrounding the negotiations and because they have not yet been consummated, it is impossible to name the companies which it may be anticipated will be associated in the new undertaking. If the negotiations be successfully concluded, a new large sales organization would be formed in which the associated companies would hold stock in proportion to their daily production.

The reason for such a consolidation lies of course in the savings which could be effected. To-day, such savings are more necessary than ever before due to the hesitancy in the newsprint market, or rather due to the fact that the industry has become over expanded and the capacity of the mills on this continent is in excess of the demand, which while not up to the capacity of the mills is nevertheless, considered to be satisfactory. Then again, additions to the capacities of Canadian newsprint mills this year will increase the production of the Dominion by 1,000 tons daily or the equivalent of a 14 per cent. increase in the total domestic output. It is felt that if the sales end of the business is concentrated in, say three strong groups, that there will be little possibility of price cutting.

Are Associated Now

At the present time in eastern Canada there are but a few of the mills which are not in some way or other associated with one of four strong groups. These groups are the companies in which Sir Herbert Holt is interested, those in which George H. Mead is interested, the Canadian Export Paper Company which sells for Laurentide and Price Brothers, and the International Paper Company. These four groups already sell a high proportion of the total Canadian output.

The formation of a sales group larger than any of these would beneficially affect the whole industry for if the sale of newsprint comes under the control of fewer and stronger groups, the less will be the tendency toward price cutting which, while it would allow a few mills to operate at capacity with moderate profits, would also bring about a lower scale of operations and lower earnings in the com-

(Continued on page 16)

Industrial Prospects on Pacific Coast

Western Hardware and Steel Company, of Vancouver, will shortly erect a fully equipped wire rope plant which will employ 50 men.

Duncan Monteith and Company, London manufacturers, are reported as investigating the possibility of erecting a shoe factory at Victoria. Negotiations are also under way for the establishing of woollen mills.

BRANTFORD CORD GETS $1,000,000 RUSSIAN ORDER

Cordage Company Selling Binder Twine to Soviet Government

Approximately $1,000,000 worth of binder twine will be sold to the Russian Soviet Government by the Brantford Cordage Co., Ltd., Brantford, Ont., this year, according to information secured by Hardware and Metal from C. L. Messecar, president, and published this week. This company did business with the Russian Government in binder twine on a more limited scale last year, and Mr. Messecar is justly proud of his product and the recognition it has had in open competition with twine from many other countries, some of which are located much closer to Russia than is the Canadian plant.

Two trainloads of 45 cars each, with each car containing 1,000 bales of binder twine have already been shipped by the company to Russia, these having gone forward during the months of February and March. By the end of this month another trainload will be sent forward and the fourth will follow about the middle of April. Mr. Messecar stated that the twine included in these shipments was the company's Maple Leaf brand, made up in a special length of 500 feet per ball for Russian trade.

Business is C.O.D.

While there has been question at various times about the financing of orders for the Soviet Government, Mr. Messecar stated that this business has been handled on a c.o.d. basis and the financing has been entirely satisfactory. Negotiations for the business were carried on by trade delegations representing the Soviet Government which have been working with headquarters in New York and Montreal.

When the somewhat unusual condition was pointed out, of Canada doing a large export trade on binder twine, while at the same time we are importing considerable quantities of foreign twine, Mr. Messecar answered that while Russia was very conveniently located to Holland, from where a considerable quantity of twine is being imported into Canada, it had been found in Russia that the quality of the Dutch twine did not suit them.

"This latter twine finds a certain market in Canada largely as result of the keen price competition which exists in this country, particularly among Western dealers," stated Mr. Messecar, adding that he had learned from representatives of the Cockshutt Plow Company who had recently traveled through Russia, that the users of the Canadian binder twine in that country were very enthusiastic about it. This export business is keeping the Brantford plant working 12 hours a day, according to the statement of the president.

According to the Department of National Defence, civil aviation is increasing; the number of flights taken in 1926 being 50 per cent. greater than those of 1925.

U.S.A. Air Mail Failed to Speed Canadian Letter

Score one for the Canadian post office and Canadian railways! They are just as fast as the United States air mail.

The United States government have opened the air mail routes on the other side to Canadian mail. Letters from Eastern Canada would be carried by the coast-to-coast airplanes to Western Canada and vice versa. Letters posted from Montreal would be sent to New York, go from there to Elko, Nevada, by air; be transferred to the Seattle train; and transhipped to Vancouver or Victoria. From Toronto, the mail would go to Chicago to meet the air mail. A net saving in time of at least a day was promised. American stamps to the amount of ten cents per half-ounce would have to be put on in addition to the Canadian postage.

On March 1, The Financial Post tested out the new service. It mailed by United States air mail a letter to the managing editor of The Vancouver Province. It sent a copy of the letter by the ordinary Canadian mails. Both letters left the office at the same time.

Six days later—on March 7—both letters were delivered to the desk of the managing editor of the Vancouver Province in exactly the same mail.

Investor's Index

Arnold's 1
Asbestos Corpn.. . 26
B. C. Fish 4
Besco 1
Brant. Cord . . . 1
Brazilian 30
Brompton 11
Brown Corp. . . . 6
Can. Canners . . . 1
Can. Fairbanks . . 7
Can. Ind. Alco. . . 11
Can. Light 8
Can. Paperboard . 9
Can. Vickers . . . 9
Canada Steam. . . 11
Canadian Salt . . 4
Christie-Brown . . 3
C. P. R. 11
Dom. Bridge . . 11
Dom. Engineering 8
Dom. Glass 9
Dr. A. W. Chase . 11
Empire Life . . . 11
Fraser Co.'s . . . 6
Hunt's 21
Imperial Oil . . . 22
Manitoba Power . . 9
Massey Harris . . . 4
Mexican Light . . 8
Mtl. Power . . . 11
Mtl. Rail & Term. 23
Ont. Bakeries . . 11
Penmans 27
Porto Rico . . . 11
Pt. Alfred Paper . .6
Price Bros. 6
Shaw'gan. . . . 11
Shredded Wheat . . 4
Tor. Casualty . . 11
Twin City . . 8-11
Windsor Hotel . . 8
Wright Auto. . . 11

MINES

Cen. Manitoba . . 19
Clifton Con. . . . 19
Colum.-Kirk. . . . 19
Coniagas 19
C. West Dome . . 18
Don Rouyn . . . 19
Makamie 20
McIntyre 19
Montchatel . . . 21
Nipissing 17
Noranda 20
Nor'gton Dev. . . 21
Ogema 17
Ontabec 21
Osisko Rouyn . . . 20
Rouyn-Bois 17
Rouyn Gold . . . 21
Thompson-Cad. . . 17
Union Oil 21
Western Gas . . . 21

Background of Canadian Business

By JOHN E. LANGDON, Business Editor, The Financial Post.

WEEKLY REVIEW OF CONDITIONS

Instalment Buying Creates Steady Demand for Products
Factory Operations Active in All Key Industries
Merchants Report Good Movement of Merchandise
Indications Point to Heavy Production in 1927

A FEATURE of present business and one which is as pronounced as it was a year or even two years ago, is the deferred payment plan of financing retail sales, or instalment buying as it is more generally known. To say that its growth has not been so great proportionately in Canada as in the United States, or to minimize its influence on demand and supply, is both illogical and contrary to the facts. There are few industries in the Dominion which have not come to depend in part or wholly upon this method of getting its products into the hands of consumers and it is reasonable to assume that a fairly large percentage, probably over 30 per cent., of the total internal trade of the country is financed not by the distributor but by the consumer.

Beneficial Results

The effect of this type of selling or merchandising upon industrial operations is more in evidence in the automobile industry than in other lines. Unfortunately it has not been studied as closely in this country as in the United States and it is not possible to state with any degree of accuracy what benefits or setbacks to business as a whole can be directly traceable to instalment buying. Generally speaking, however, results have been most beneficial and it is said, with some degree of authority, that the loss to business men in this country owing to non fulfilment of contract by the customer is even less than in the United States, where it averages from ½ to 1 per cent. per annum.

There are in Canada at present in the neighborhood of one hundred companies, solely financing deferred payment sales. In some instances these organizaions are an offshoot of the manufacturing company. This is true of practically all the companies financing automobile sales, about 85 per cent. of which are sold on this basis. In addition other companies have been formed to handle sales of household furniture, radios, clothing, pianos, washing machines, refrigerators, etc. The growth of this "dignified" method of payment in the past few years has been so great that there is hardly an article on the market which cannot be bought on time.

Instalment Buying Aids Producer

From the standpoint of the manufacturer, he is willing, in most instances, to see his output sold to the consumer on the instalment payment plan. Not only is he assured of an even distribution of his goods the year round, but he is also in a position to collect from the dealer, who is able to discount his customers' notes with the finance company. In this way the manufacturer has an ample supply of credit at all times and is able to carry on operations on a more economical basis.

Past records show that we have had certain definite periods during the year when employment, trade, car loadings, collections, etc., took a "seasonal" slump. The nature of our industries is so that we will always have to contend with this lag in business. Instalment buying, however, has been largely instrumental in "breaking" down this period of depression by way of spreading demand over a longer period of time. This in turn has created more employment, as will be seen from recent government reports, and has brought about an increase in purchasing power of the industrial worker which has made itself felt in business circles.

As a consequence of the additional credit brought into force by instalment buying, factories have been able to operate at a consistently high level during the past eighteen months. The outlook for the present year is encouraging. There have been setbacks of a minor character, but practically all the key industries report a satisfactory volume of business on hand with considerable work in sight. The newsprint, automobile, iron and steel, construction and other industries are more active than at this time last year. The same is more or less true of other industries, and while instalment buying is not solely responsible for this improvement, it must be given credit for aiding in bringing about this favorable situation.

Mercantile Reports Optimistic

Mercantile reports of the past week are equally encouraging. Some sections report smaller sales due to adverse climatic and other uncontrollable causes, but the situation as a whole reflects a healthy tone. Sales are well up to expectations, collections easy and demand for better quality goods more noticeable. The movement of merchandise, as shown by car loadings, is greater this year than last. In fact, the volume is probably greater than at any other corresponding time in the past five or six years. Commitments by the retailers, of course, are still along lines of buying only for immediate needs. Stocks on hand are reported as being small; sufficient for immediate needs. Orders for new supplies, however, while small, aggregate a large volume.

Good Outlook for Demand

The lack of accumulated stocks in the hands of the merchants is a feature of the business situation, which is worthy of consideration. Purchases by merchants and consumers only for early and visible requirements and constant adjustment of production to the variation in consumptive demand, is primarily the cause of present manufacturing activity. Consequently any halt in consumers' demands will be strictly limited by exhaustion of stock on hand, provided there is no material change in the underlying prosperity. Even if unforseen influences should greatly reduce the scale of ultimate consumption, reduction of output of our industrial plants would be conducted in a gradual and orderly way. Thus far all signs have indicated a continuation of these conditions throughout 1927.

SMALLER QUANTITY OF CEREALS USED

Rye Flour Only Product to Show Increased Consumption

Domestic consumption of cereals has been declining during recent years, despite the fact that Canada is one of the world's leading producers and that supplies are readily available at low cost to the consumer. In comparison with other nations, the Dominion still ranks high on a per capita consumption basis, but a survey of the six leading cereals used for human consumption in manufactured form shows a fairly substantial decrease in each case. Moreover, with the exception of wheat flour and rolled oats or oatmeal, there is an apparent greater consumption than production, the difference being made up by heavy importations.

Wheat flour, of course, is a leading article of diet and while consumption from the standpoint of quantity varies from year to year, fluctuations follow the trend of prices more closely than in the case of other cereals. During 1924 the per capita consumption was 1.05 barrels, valued at $6.34, as compared with .81 barrels, valued at $6.26 in 1925. Oatmeal and rolled oats, next in importance, also show a decrease in quantity, from 10.08 lbs. in 1924, to 8.70 lbs. in 1925, while the value increased from 37 to 39 cents. In each instance, domestic consumption amounted to practically one-half of the total production.

Rye Flour Consumption Increases

Of the other four cereal products—cornmeal, rye flour, buckwheat flour and barley—rye flour was the only item to register an increase in consumption. The per capita consumption in 1924 of cornmeal was 3.95 lbs.; rye flour .28 lbs.; buckwheat flour .62 lbs.; and barley .52 lbs. In the following year, the situation was as follows: cornmeal, 3.63 lbs.; rye flour, .315 lbs.; buckwheat flour, .40 lbs.; and barley, .39 lbs.

The inference made from a study of these figures is that the smaller production of cereals during 1925, with the exception of oatmeal and rolled oats, had a great influence on the per capita consumption. This lends itself very readily to the government's methods of computing these figures, which is done by adding production and imports, deducting therefrom exports and dividing by the estimated population. In any event there is a certain margin of error. The figures are of importance, however, in giving an approximate idea of the amount of manufactured cereals retained in the country either for consumption, as a holdover, or for export purposes until the following year.

Canadian Business Indicators

Compiled weekly by The Financial Post

	1927	1926	
Car loading, week February 26	60,848	55,574+	9%
Year to date	475,480	441,553+	7%
Merchandise shipped, year to date	123,809	114,285+	8%
Grain Receipts, Aug. 1 to February 25	277,396,831	318,706,954—	13%
Price Level, February index, 236 commodities	150.1	162.2	
Pig iron output—January	51,717	56,644—	5%
Steel ingot production, January	58,551	60,536—	14%
Building permits, January (63 cities)	5,429,299	4,719,534+	15%
Bank clearings, February	1,380,494,194	1,217,595,039+	13%
Construction contracts awarded in February	19,516,700	13,477,600+	45%
Automobiles produced—January	15,376	15,479—	0.6%
Employment—February index	95.4	90.7	
Railway Earnings—January—			
C.P.R. gross	14,435,369	13,470,131+	7%
C.P.R. net	1,510,234	1,801,858—	16%
C.N.R. gross	20,168,259	18,701,154+	8%
C.N.R. net	2,034,353	1,728,381+	17%
Exports of key commodities, 12 months ending January 31—			
Canned salmon, cwt.	593,328	698,656—	15%
Newsprint, cwt.	34,966,309	28,459,996+	22%
Wheat flour, bbls.	10,514,166	10,160,806+	3%
Wheat, bushels	249,488,812	229,440,513+	8%
Imports of key commodities, 12 mos. ending December 31—			
Rubber (raw, in pounds)	44,768,145	46,275,446—	3%
Cotton (in pounds)	136,759,718	125,598,579+	8%
Crude petroleum (in gallons)	681,173,293	553,680,795+	23%
Exports, 12 months to January 31	1,267,957,849	1,280,358,611—	0.9%
Imports 12 months to January 31	1,017,411,401	901,553,988+	12%
Balance of trade, 12 months to January 31	250,546,448	378,804,673—	34%
	1926	1925	
Newsprint production—December tonnage	163,177	136,983+	19%
Immigration, 11 months, to November 30	130,569	80,904+	62%
Business failures—No. of firms, 12 months	1,771	1,996—	12%
Liabilities	32,291,125	32,153,697+	0.4%
Savings deposits, Dec. (chartered banks)	1,372,763,485	1,318,875,483+	4%
Current loans, Dec. (chartered banks)	970,053,595	903,259,725+	7%
Bond sales, 12 mos.	567,341,196	496,500,000+	14%
Prices:			
	1927	1926	
Pig iron (Number 1 foundry) Feb. 24	24.80	Feb. (Aver.)	26.85
Cattle—Good, Toronto, March 7	7.25	Mar. (Aver.)	6.95
Wheat—No. 1, Nor. Winnipeg, Mar. 7	1.44	Mar. (Aver.)	1.48
Hogs—Select, Toronto, Mar. 7	11.00	Mar. (Aver.)	13.77

Coal Problem Solution is Key to Immigration

By HOWARD STUTCHBURY, Trade Commissioner of Alberta.

The total number of immigrants to Canada from all sources for the years 1924 and 1925 was 259,922. During the same period the emigration of Canadians to the United States was 247,-677. Departures of Canadians from the United States during the same period was 5,053, leaving a net gain to the United States from Canadian immigration alone of 242,724, while the net gain from immigration to Canada from all sources during the same period was only 17,198. The administration cost of the Dominion Department of Immigration during this period amounted to $4,-638,498, and this sum does not include amounts expended by Provincial Governments, railway companies and other organizations for the same purpose during the same period.

Spend Hundred Millions On Coal

Canada spends every year, and has done so for many years, upwards of one hundred million dollars for American coal and freight over American railways. If there ever was a case where charity should begin at home, it is in the matter of coal purchases, for the reason that Canada has 17 per cent. of all the world's coal and this practically untouched. It has coal of every variety and quality, coal that is efficient for service either for domestic use or the development of power and steam. It has coal that has proven its efficiency wherever used. The coal mines of Canada have been developed at an immense cost of capital and energy, and mostly Canadian capital. They are capable of producing, with practically no additional capital expense for plant, the total present fuel requirements of Canada for all purposes and have coal reserves for the next thousand years, no matter how greatly Canada may develop both agriculturally and industrially, and yet the coal mines of Canada only work a few months in each year, due to lack of market caused by the huge imports of foreign coal. The money spent for foreign coal purchases, if retained in Canadian channels, would be sufficient to absorb a million new population.

Would Solve Immigration Problem

The solution of the fuel problem is to a great extent a solution of the Immigration problem and of the more serious problem of emigration, as perhaps no money has as wide a spread as that spent for coal. It not only benefits the district from which coal is produced, but another army of men must be employed in supplying the miner with his requirements. Railway companies and railway employees benefit throughout the whole area through which coal is moved.

No country in the world has so great a wealth of undeveloped resources as has Canada, and a realization of the importance of their economic development is of paramount importance and the base product of all industrial development is coal.

It is surely not an impossible task to so co-ordinate the coal production of eastern and western Canada and systems with the consuming markets our efficient railway transportation of Central Canada to the end that the tremendous sums, now being spent by Canada for foreign coal, may be retained and put into circulation in Canada rather than continue to develop unnecessarily, with Canadian money, American industry to an extent that has made it possible for our American friends to successfully outbid us for the services of Canadian men and women who have been highly trained in Canadian institutions and factories at the expense of Canada, to the loss of Canada in brains, ability and energy.

The solution of this problem offers to Canadian statesmanship and business genius one of the greatest opportunities in the history of Canadian Confederation.

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A General Banking and Foreign Exchange Business Transacted.

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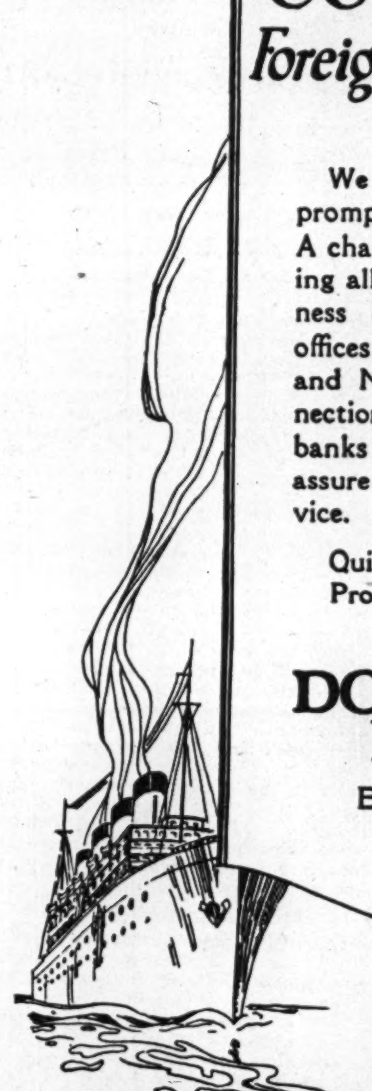

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CHRISTIE BROWN REPORT PROVES 1926 VERY GOOD

Common Earns Close to $2 Per Share; Almost Half of Bonds Retired

Christie, Brown & Co. in 1926 earned $27.88 on the 7 per cent. preferred stock after payment of bond interest, provision for income tax and contribution to employees' profit-sharing and savings fund. And $1.99 was earned on the no-par common after payment of preferred dividends. Common dividends amounted to $1.20.

While net working capital shows a diminishment from $793,819 at the end of 1925, to $494,454 at the end of 1926, this net reduction of $299,365 is more than offset by the fact that $450 000 of the company's bonds were retired during the year. Only $550,000 of these bonds are now outstanding. The big reduction in current assets was in cash on hand and in bank, the item being $323,846 at the end of 1925 and $29,758 at the end of 1926.

Profit and Loss

	1926	1925
Gross profit	$752,072	$544,499
Other revenue	6,569	12,826
	$758,641	$557,325
Expenses	466,192	450,439
Net earnings	$292,449	$106,886
Bond interest	44,125	60,000
Pref. dividends	57,536	33,766
Com. dividends	72,806	......
Income tax	19,841	5,500
Emp. profit sharing	8,550	....
	$202,858	$ 99,266
Surplus for year	$ 89,591	$ 7,620

Fewer Preferred Shares

With bonds being retired rapidly and a certain number of preferred shareholders taking advantage of the privilege of conversion into common on the basis of three for one, the position of common shows appreciable betterment. The common now has a book value of $12.80 per share, compared with $12.65 at the end of 1925. There are now outstanding 81,342 shares of common, compared with 75,000 shares at the end of 1925. There are 7,886 shares of preferred, $100 par value, compared with 8,814 at the end of 1925.

A remarkable increase in business in 1926 over the previous year is indicated by the gross trading profit, which was $752,072 for 1926 and $544,499 in 1925. Business was reported to be especially good in the last quarter and it is said that 1927 is even more promising.

Book Value Rises

Trademarks, goodwill and formulae are carried on the books as worth $1. The reserve for depreciation was increased during the year from $99,684 to $191,899. Total assets are now $2,677,223, compared with $3,043,203 at the end of 1925. The balance of assets over liabilities, as represented by the book value of the stock, is $1,927,462, compared with $1,837,872 at the end of 1925.

Stock Market Record

	Common High	Common Low	Preferred High	Preferred Low
1925	65	31¼	118	109½
1926	63½	31	...	...
1927x	40½	38	...	...

x—To March 5th.

Canada and its American Branch Plants

By FLOYD S. CHALMERS.

Until about five years ago, Canada drew each year an increasingly large number of new industries, through the establishment in this country of branch plants of United States manufacturing concerns.

Now, only a scattered few of such plants are being established in this country from time to time. Since an occasional plant closes down, it is doubtful if Canada has made very material gains as a field for American branch plants since the period of business depression which came in 1920.

What are the reasons for this almost total cessation of a movement that in former years meant so much for Canada? Why is it that, although Canada had, in 1920, about 700 actual factories operating as branches or subsidiaries of American companies, as well as large numbers of warehouses and distributing organizations, the number has increased very slightly, if at all, in the period since that time?

Are Attractions Now Less Strong?

Does Canada to-day offer less attractions to American companies than it did during the war and after? If at that time it was more economical for an American company, planning to increase its sales in Canada, to manufacture in a Canadian factory than it was to manufacture in an American factory, why is it that the same situation is not true to-day? Is the fault Canada's?

These are vital questions and if we can find the answer to them we can perhaps discover what are Canada's chances to-day for getting a larger number of such plants in the future.

Capital Continues to Come

We can not complain that the flow of American capital to Canada has stopped. In the five years from 1921 to 1926, American investments in Canada increased from slightly over $1,000,000,000 to slightly over $3,000,000,000. An average of $400,000 000 a year of good American dollars has come into Canada during that period and has been invested here in Canadian productive enterprises. Some of it has gone into Dominion government bonds and the bonds of Canadian provinces and municipalities. Some of it has been invested in the pulp and paper industry and in water power development. In only a few cases, could these investments be considered as the establishment of branch plants of existing American companies. The money was as often as not invested in companies initiated by Canadian promoters who went to American financial markets to find the capital to carry out their schemes and dreams. Some of it has gone into railway financing; a great deal of it into Canadian mines. Only a modest share of it has been invested in new manufacturing plants in fields apart from the development of our raw resources in timber, power, etc. The automobile industry has grown under American stimulus, but industries such as the manufacture of textiles, of iron and steel products generally, the manufacture of the thousand and one commodities we purchase daily in our ordinary life have grown but little and have drawn little new American capital.

Not Going Into Ordinary Industries

Of this $2 000,000,000 of new American capital, not a great deal has gone into the branch plants that have been such a mighty factor in building up the industrial centres of Canada—the Border Cities, the Niagara Peninsula, The Eastern Townships, etc.

There were many reasons why American industries established branch plants in Canada immediately following the war, the period when the movement was at its height.

One of the men active in bringing many of these plants to Canada was C. W. Kirkpatrick, industrial commissioner of the city of Hamilton, a city that has scores of such factories, including the International Harvester Company; E. C. Atkins and Company; Canadian Westinghouse Company; etc. Mr. Kirkpatrick sets down the following as the chief motives that actuated the heads of these companies in coming to Canada at that period:

"Because parent industries were looking for outlet for surplus profits made during the war.

"Because the favorable advertising Canada received as a result of its war activities led to the belief that the country would experience an unprecedented growth in population during the years immediately following the war.

"Because of the belief that war activities had strengthened the bonds between England and the colonies and would result in increasing preferential tariffs, thus placing Canadian industries in a favorable position to compete in all British markets.

"Because war conditions had made people temporarily prosperous, resulting in inflated values and consequent larger profits."

Another Hamilton man, in a position to observe very closely the movement, points to other factories that were of value to this country at the time the movement was at its height. He is F. P. Healey, managing secretary of the Hamilton Chamber of Commerce. "Commencement of the movement of American plants into Canada occurred," Mr. Healey thinks, "followed the establishment of the Imperial preference which, with the Canadian tariff then in force made it advantageous for these firms to manufacture in Canada, both for our home market and on account of the opportunity it gave them to reach other parts of the Empire."

Mr. Healey points also to the fact that at the time the influx of United States firms into Canada was at its height the cost of labor in this country was much lower than in the United States. "This influenced the cost of production to a considerable extent," Mr. Healey points out.

These were the chief determining factors at that time. Some of them apply with equal force to conditions to-day. Others have been modified by legislation and by circumstances.

Some of these negative influences that have been at work might logically be discussed in our next article.

INCOME TAX PROBLEMS

Avoiding Taxation on Sale of Business

By an Income Tax Expert

PROBLEM No. 13.

Does a taxable profit arise on the sale of a business as a going concern?

The income tax question rests on the distinction between revenue, which is taxable, and capital gain, which is not. It is necessary, therefore, to determine the nature of the transaction and the resulting gain.

A trader sells his business; selling businesses is not his trade, therefore any gain he makes from the sale would seem to be capital, not income. Similarly any loss is a capital loss.

Where Individual Stock is Sold

The bargain and sale is based on a balance sheet, which is not an account but a statement showing "assets and liabilities" of the business as a whole. On this statement the various assets may be sold en bloc without specifically pricing each asset, or each asset may be valued and the total thereof, less liabilities, paid, a realization account being set up accordingly. If sold at a gain, asset by asset, the stock-in-trade will itself reflect a profit. By stock-in-trade is meant the thing that the business has been in the habit of selling for purposes of gain, be it merchandise, lands or investments, in short, the things traded in.

The gain (as the Income Tax Act is not interested in losses) may have arisen due to a variety of causes, but the stock-in-trade was not sold by way of trading or merchandising. True, the goods were bought for disposal, but disposal by way of trade, and if disposal of by means other than trade a gain is made not in trade but in realization through sale of the business as a unit.

Auction Sale Might be Taxed

For example, if a trader is going to dispose of his business and as a preliminary measure has an auction sale, a taxable profit results, but this is selling in the conduct of the business though by altered methods, but that is different from disposing of the business as a going concern.

In short, is stock-in-trade on a different footing from other assets? The balance sheet reflects it as an asset just as it does other assets, and the stock-in-trade asset is taken over just as any other asset. However, the test seems to be was it disposed of, first, ordinarily by way of trade, or second, en bloc with other assets. In the first it is part of the business of trading, while the second is realizing an investment.

It is reasonably well settled that where the owner of an ordinary investment realized it at an enhanced price the gain was not assessable unless the transaction amounted to a carrying on or a carrying out of a business. For example, if a company was, in its inception, formed for the object of making a profit from the sale of its property, then the transaction was essentially within the appointed means of making gains and taxable gains resulted; but even though a company may have taken power to sell any part or all of its undertaking (as is usual in a charter) it is not to be inferred from that fact alone that it is part of its trade to do such a thing as sell the whole or a part of the business as such. It probably was never done before and the course of trading shows that it was never the intention, annually—or even in periods of greater length—to dispose of the undertaking. In such case the gain is capital, not income.

Tax Stock-in-Trade Only

The ruling of the income tax authorities as presently generally understood is that when the business as a whole is sold, whether en bloc or otherwise, and irrespective of the charter or course of dealing and history of the company, the gain resulting must in part be taxed: that part relating to or allocated to the stock-in trade of the company. However, this is doubtful and subject to modification. The facts and circumstances in each case must govern, and a full and careful disclosure should be made, else through a misunderstanding much difficulty might be encountered in avoiding a tax which on proper first presentation might have been avoided in the beginning.

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Therefore, do not blame "conditions" for non-success, but remember that personal incompetence (in which may be included neglect of reasonable safeguards) has been the principal factor in business failures.

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CANADIAN SALT EARNINGS SHOW LITTLE CHANGE

Annual Report Reveals Results of Financing During Past Year

From Our Own Correspondent

MONTREAL.—The annual report of the Canadian Salt Company for the 1926 fiscal year shows a fractional decline in both gross and net profits. The working capital showed some increase. The comparison of working capital and prof.t and loss figures over the past three years follows:

	1926	1925	1924
Op. profit	$342,905	$3464,11	$302 984
Deduct:—			
Bond int.	75,607	67,386	74,516
Patent rts.	1,105	2,300	2,300
Deprec.	92,022	91,826	83,376
Tax res.	12,711	20,111	15,835
Net profit	161,460	164.788	126,957
Divds.	104 400	96000	96,000
xInterest	2,946	......	......
Surplus	54,114	68.788	30,957
Prev. surplus ..	383,647	314,859	283,902
Total	437.761	383,647	314,859
Bond disct. ...	132,298	....	....
P. & L. bal....	305,463	383,647	314,859
xOn stock subscriptions.			
% earned on com.	10.76	13.73	10.58

Working Capital Position

	1926	1925	1924
Curr. assets ...	$802,446	$723,054	$697 579
Curr. liab.	287,189	220,608	180,801
Net work. cap.	515.257	502,446	516,778

Balance Sheet Figures

From the foregoing figures it will be noted that the company during the year wrote off the entire bond discount of the old and new bond issues, which accounts for the decline in the surplus account. The bonds outstanding at the end of the year showed an increase of $575,000 and the capital stock shows the increased issue of $300,000. Whilst earnings on the shares were lower, the fact that there was more stock outstanding at the close of the year must be taken into consideration. Earnings per share of stock showed an increase from the 1925 figures at which time there was a smaller amount of stock outstanding.

Other changes in the balance sheet include a satisfactory increase in cash on hand and some increase in the inventories which reflects the increasing business of the company.

President's Remarks

Sir Thomas Tait, the president, states in his remarks that there was a satisfactory increase over the previous year in the value of salt shipments. An interruption of nearly one-half of the supply of electric current from the Ontario Hydro-Electric Commission, extending over a considerable period, seriously affected the production ond financial results for the year. Measures have been taken, he adds, which should prevent a recurrence.

During the year, the report states, a total of $877,955 was expended on additions and improvements to buildings, plant and equipment. The benefits to be derived from this expenditure did not appreciably affect the production and earnings of the year 1926 for the reason that the principal additions and improvements were completed only just before the end of the year or early in 1927. It is anticipated, the report adds, that nearly the full benefit from them will be reflected in the financial results of the current year.

A revaluation of the land owned by the company at Sandwich and Windsor showed it to be worth $147,985 more than carried on the books. The land was consequently written up by this amount and a corresponding amount was written off "Patent Rights, Trade Marks and Goodwill."

"During the year the company issued the balance of its authorized capital stock, bringing the total issued amount up from $1,200,000 to $1,500,000. In addition, $300,000 bonds were sold during the year.

Stock Market

MARKET INDICATOR

20 Industrial Stocks

	High	Low
Week of Mar. 9	92.3	88.9
Week of Mar. 2	92.0	89.0
Month of Mar., 1926	79.6	72.1
9 Bank Stocks		
Week of Mar. 9	$241	$239
Week of Mar. 2	241	238
Month of Mar., 1926	227	224
10 Public Utilities		
Week of Mar. 9	106	103
Week of Mar. 2	106	104
Month of Mar., 1926	95	91

WEEK'S GAINS AND LOSSES

	Gains	Losses	Unch.	Total
Banks	3	6	.	9
Paper	4	6	5	15
Steel	12	10	16	38
Foodstuffs	16	18	10	44
Utilities	8	9	11	28
Tractions	4	3	7	14
Textiles	5	3	9	17
Industrials	11	13	26	50
Total	63	68	84	215

MASSEY-HARRIS HAS INVESTED EARNINGS

Company Has Reinvested in Plant $4,332,790 in Three Years

From Our Own Correspondent.

MONTREAL.—An analysis of the Massey-Harris Company prepared by the Montreal Stock Exchange firm of Jones, Newton and Heward contains a graph which shows the growth in working capital and investment accounts, coupled with the declines in the amount at which property account, less depreciation, is carried on the books of the company. The chart reveals clearly how much has been ploughed back into property over the past four years. The figures thus shown graphically are as follows:

1926	$1,984,885
1925	1,468,175
1924	879,730
Total ploughed back into property in three years	$4,332,790

The analysis gives a financial picture of the company over a term of years which is introduced by a summary of its operations which says in part:

"The company to-day has a capacity of 275,00 complete machines per annum which sell in 53 national markets. It manufactures many different types of machinery and implements, has 3,500 Canadian agencies and 700 in Australasia. The floor space of its six factories is 83 acres, and, in all, the work of manufacturing covers 161 acres, has eight miles of railway siding, employs over 5,000 hands and its accounts are settled in more than fifty different languages.

Working Capital

"In 1926 working capital is estimated at $18,314,889.48 which covered a large part of the capital liabilities, (including contingent liabilities) which were preferred stock issued $12,089,900. Common stock issued $12,089,900 and contingent liabilities $1,850,000 or a total of $26,029,800.

"Factories, lands, buildings and equipment are taken in on the balance sheet at $8,516,223.32, which is obviously but a fraction of the real value.

"The investment of $2,732,910.50 is represented by 99 per cent. of the paid up capital stock of the Massey-Harris Harvester Company of Batavia, N.Y., and a further $368,707.36 covers disbursements made on account of a new European factory located at Marquette, near Lille, France, called Societte Anonyme des Etablissements Industriels de Marquette. This factory will be completely equipped and in operation at some time during the month of March or April, 1927. From the foregoing it can be seen that there is a substantial equity behind each share of common stock issued.

"Income from operations has increased over the last four years as follows:

1923	$117,720.39
1924	397,512.30
1925	1,866,029.86
1926	2,812,068.65

B.C. FISH SHOWS HALF MILLION AS PROFIT FOR YEAR

But Only $345,000 is Available at Present for Dividends

British Columbia Fishing and Packing Co. had net profits of $345,261 from its own plants in 1926, and its proportion of the profits of Wallace Fisheries, of which it owns 87 per cent. of the stock, amount to $154,033. Thus profits of the parent company are shown in the report of the directors at $499,294, or about the figure mentioned by rumor current among stockbrokers a few weeks ago.

But the shareholders are reminded that B.C. Fishing's interest in the Wallace Fisheries profits is not available for dividends, as the subsidiary company acquired last year is not in a position to pay dividends until it has built up a larger surplus.

Auditors Explain

The certificate of the auditors, Peat, Marwick, Mitchell & Co., which accompanies the report, reads in part:

"The expenditures capitalized during the year as representing additions to fixed assets are in our opinion properly so chargeable. Other than a sum of $6,893, no provision has been made during the year 1926 in respect of depreciation, as the directors have formally resolved that the reserve for depreciation which now stands at $1,000,000 is suffficient.

"All ascertained liabilities, both direct and contingent, have been included in the accounts.

"No sum has been incorporated in the balance sheet as representing the British Columbia Fishing & Packing Co.'s share of profits earned by the Wallace Fisheries, Ltd., since the date of the investment in that company's stock.

"We have obtained all the information and explanations we have required for the purpose of our audit of the company's accounts. Subject to the above observations, the attached balance sheet in our opinion is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at December 31, 1926, according to the best of our information and the explanations given to us and as shown by the books of the company."

Million For Depreciation

Thus the balance sheet may be examined in the light of the reserve of earnings accumulating in Wallace Fisheries, which ultimately will accrue to the benefit of B. C. Fishing.

Operating profits of B. C. Fishing in 1926 totaled $541,669, compared with $578,654 in 1925. From the 1926 total are deducted $106,577 for maintenance of plants; $18,405 for loss on francs; $6,893 for depreciation and $64,531 for taxes; leaving a net profit of $345,407, compared with $354,220 for 1925, or $6.93 per share.

The insurance reserve of $102,921 remains the same as for 1925 and the reserve for depreciation, as noted above, s now $1,000,000, compared to $993,106. Fixed assets, representing real estate, buildings, plants, machinery and equipment, lands, etc., are valued at $3,531,652, compared to $3,387,742 at the end of 1925.

Other assets include cash on hand, accounts receivable, inventories, etc., totaling $1,862,311, government, municipal and marketable industrial bonds at par and accrued interest, $282,270; and bonds of controlled companies held for resale, at cost, $173,436. These items total $2,533,980, bringing the total assets of the company to $7,617,301, compared to $4,812,280 at the end of 1925.

Operates 29 Plants

Bank loans stood at $1,020,000 at the end of 1926 but a footnote to the balance sheet stated that this had been reduced to approximately $400,000 by March. While there was an increase in current assets from $2,070,678 to $2,533,981, there also was an increase in current liabilities from $161,037 to $1,146,786. Thus the working capital was reduced from $1,909,641 at the end of 1925 to $1,387,175 at the end of 1926.

B. C. Fishing now operates 29 plants, seventeen of which are of the parent company and twelve of Wallace Fisheries. The subsidiary owns two oil and meal plants and two dry salteries, which are enterprises into which the parent company has not embarked. Both companies in 1926 packed 531,292 cases of fish, of which 341,316 were packed by B. C. Fishing. Of the sockeye, on which the big profits are made, the two companies packed 130,976 cases, and B. C. Fishing itself 96,126 cases.

Since the acquirement of Wallace Fisheries, B. C. Fishing has been by far the largest packers in the salmon industry on the Pacific Coast. In 1925, B. C. Fishing packed 16⅞ per cent. of the total for the industry, being exceeded only by Gosse Millard Co., which packed 17 per cent. In that year Wallace Fisheries packed 8 2/3 per cent. of the total. In six years, the average of B. C. Fishing has been 21 2/5 per cent. of the total for the industry.

Propose Capital Change

The annual meeting will be held in Vancouver on March 29th. It is also a special general shareholders' meeting to pass on the proposal to change the capital structure of the company. It is proposed by the directors to reissue the stock on the basis of one half share of preferred, 7 per cent. $100 par, and two shares of common of no par value for each share now held.

The present capitalization authorized is $5,000,000 of ordinary shares of $100 par value. There is no funded debt. Until the acquirement of the Wallace Fisheries, the outstanding stock totaled 42,918 shares. B. C. Fishing acquired 87 per cent. of the stock of Wallace Fisheries for $178,000 cash and 6,886 shares of treasury stock. B. C. Fishing also assumed the obligations of Wallace Fisheries.

Profit and Loss

	1926	1925	1924
†Profits	$541,669	$578,654	$129,153
Plant mainten. ..	106,577	....	....
Loss on francs.	18,405	....	....
Deprec'n.	6,894	147,040	90,000
Taxes	64,531	77,394	13,539
Insur, reserve ..	......	102,922	....
	196,407	327,356	103,539
Net profit	$345,261	$251,298	$ 25,614
Dividends	214,590	....	....
Balance	$130,671	$251,298	$ 25,614
Prev, balance ..	256,521	5,223	x123,312
Excess val. can.	....	....	102,921
Insur. reserve .	102 922	....	....
	$490,114	$256,521	$ 5,223

xDeficit.
†Not including profits of Wallace Fisheries.

Stock Market Record

	High	Low
1926 from October 1	108½	69¾
1927 to March 9	94½	73

Western Assurance Income In 1926 Over $5,500,000

Writing practically every kind of insurance except life, in all parts of the world, the Western Assurance Company, in its annual report, shows that assets have increased by over half a million dollars during the year and now stand at $7,444,005. In January, 1926, the company changed its capitalization by a reduction of its common stock and by calling in the outstanding preference stock, in exchange for new preference shares. The result of this readjustment is that the company's capital stock now stands at $1,400,000, as against $2,500,000 at the end of 1925. During the year the company added $437,917 to its policyholders' surplus account, which now appears as a definite surplus over and above capital stock.

The total income, including interest earnings for the year, amounted to $5,567,995, and the total expenditures (i.e., losses, including those under adjustment, agents' commissions, taxes and general expenses of all kinds) amounted to $4,999,432. The company's loss ratio for 1926 in all branches of its business throughout the world was 55.77 per cent. as compared with 50.12 per cent. for 1925 and 59.03 per cent. for 1924, and its expense ratio was 38.88 per cent., compared with 40.44 per cent. for 1925. 41.92 per cent. for 1924 and 46.49 per cent. for 1923. Its loss ratio on Canadian fire business was 42.41 per cent., as compared with 52.67 per cent. for 1925 and 54.69 per cent. for 1924. During the year it paid dividends on its preference stock at the rate of 12 per cent., and on its common stock at the rate of 10 per cent. per annum.

British America Assurance Has Assets of $4,400,000

The honor of being the oldest surviving financial institution in the Province of Ontario goes to the British America Assurance Company, of Toronto, which was incorporated in 1833—ninety-four years ago. In its annual report for the year 1926 the company reports that assets have been increased from $3,977,385 to $4,404,917, and that $230,880 has been added to policyholders' surplus which now stands at $530,445 (exclusive of capital stock). Premium income now amounts to $3,809,402, as against $3,597,755 in 1925. Of the company's total assets, $11,150,683 is invested in government and city bonds, $759,140 in railway and corporation bonds, $1,275,543 in stocks and $225,490 in real estate.

The total income, including interest earnings for the year, amounted to $3,971,614, and the total expenditure (i.e., losses including those under adjustment, agents' commissions, taxes and general expenses) amounted to $3,581,433. The company's loss ratio for 1926 in all branches of its business throughout the world was 53.17 per cent., as compared with 49.06 per cent. for 1925, 55.02 per cent. for 1924, and 65.28 per cent. for 1923; its expense ratio was 40.86 per cent., as compared with 42.06 per cent. for 1925, 42.78 per cent. for 1924, and 46.09 per cent. for 1923. Its loss ratio on Canadian fire business was 42.02 per cent., as compared with 48.25 per cent. for 1925.

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Canada Dry Profits Show Big Increase in Year

Canada Dry Ginger Ale, Inc., Delaware and the Virginia company of the same name, along with J. J. McLaughlin, Ltd., Toronto, the original company, last year had profits of $1,739,298 in 1926, compared with $1,467,733 to December 31, 1925. The corporate surplus was nearly doubled, growing from $982,104 to $1,784,825.

Current assets are twice the current liabilities and working capital is in excess of $1,000,000. The depreciated value of the property is $1,834,000. Goodwill, trademarks, formulae, etc., are on the books as worth $489,237.

New Curb Firm

MONTREAL.—The formation of the firm of Browne and Urquhart, with membership on the Montreal Curb Market, has been announced. The partners are P. L. Browne and A. G. Urquhart, both well known in Montreal financial circles as the principals of the investment house of Browne, Urquhart and Company.

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HOLDERS RATIFY MASSEY-HARRIS SPLIT OF SHARES

Directors Decline to Comment on Report of Early Dividend on Stock

As was expected, Massey-Harris shareholders Wednesday approved the resolution of the directors calling for splitting the common shares of the company of $100 par value into four shares of no-par value. About 85 per cent. of the stock was represented at the meeting by about 45 shareholders.

The meeting was purely formal, lasting only about ten minutes. There were no questions asked of the directors, it is reported, and there was no discussion. An unusual feature of the split is that the new common will have voting power only when held in multiples of four shares. Thus the holder of three shares will have no vote. For the time being, however, this will not affect the number of common votes, which is exactly equal to the number of votes on the preferred, there being 120,899 shares of each class.

Directors of the Massey-Harris Co. have refused to affirm or deny the report that there soon will be a dividend on the common stock of the company. This new stock will have a book value of more than $32. Last year the earnings were equivalent to $9.57 on the shares of $100 par value, after payment of preferred. Massey-Harris has no funded debt, except a contingent liability in bonds of the Massey-Harris Harvester Co. These bonds are being retired rapidly.

ALBERTA ASKS OTTAWA NOT TO GRANT RIGHTS TO CALGARY POWER CO.

(Continued from page 1)

and it is of tremendous import to Alberta where the development of hydro power is vitally essential if there is to be industrial expansion, which is the next step in the province's progress. The objectve, whether it is attempted by private or government capital, is a province-wide hydro-electric system that will resemble on a small scale that in operation in Ontario.

Main Source of Energy

The main source of energy in sight is the Spray Lakes, associated with the nearby Lake Minnewanka, and sites on the Bow River, which flows down from the mountains to the south of these lakes. The latter would, with the undertaking completed, be power reservoirs to be drawn on chiefly in the cold weather when Alberta's rivers and streams shrink amazingly. Power has to be calculated on the winter flow and the present plants of the Calgary Power Company at Kananaskis and Seebe, between Calgary and Banff, are not sufficient for peak load demands. Calgary, therefore, has to have an auxiliary steam plant and unless further hydro power is available in the near future, it is faced with an expenditure of several hundred thousand dollars for steam plant extension.

Demand for More Power

Lethbridge is holding off expansion of its steam power system, awaiting a decision in the Spray Lakes matter, as the Calgary Power Company have made a tentative offer to it. Edmonton needs more power and investigation of power potentialities on the Saskatchewan 100 miles west of the city is proposed.

Various towns between Lethbridge and Edmonton are also clamoring for power. Yet the Calgary Power Company made its offer three years ago and at that time it offered to make the investment for the Spray Lakes enterprise and later turn the project over to the provincial government at a valuation fixed by disinterested experts. There was no criticism of this offer, but Premier Brownlee stated in the legislature, when the power resolution mentioned was being debated, that there was a possibility that the company might place an exorbitant figure upon its existing plant now that it knew that the government was going to bargain for it.

Premier Brownlee's Declaration

However, when compelled to a showdown, Premier Brownlee submitted to the house the following resolution which, as stated, was carried:

"1—That the development of the water power resources of the upper Spray River will not detrimentally affect the scenic beauty of the Banff national park area.

"2—That having regard to the scarcity of source of hydro-power in the province, the rapidly increasing demand for power throughout the province for industrial and domestic purposes makes it essential that this water power site should immediately be made available for development.

"3—That the government should, therefore, urge upon the Dominion government that it should, before the close of the present session, make provision for granting the necessary license for development of the water power site.

"4—That the government should further urge that inasmuch as the terms and conditions affecting the distribution of power from the site seriously affects the people of the province, the Dominion government should grant to the province of Alberta the said license in order that the province may either develop the site or effectively control and regulate the distribution of power in the interest of the people of the province."

Issue Shifted to Ottawa

This course, as indicated, transfers the issue to Ottawa. There the whole question of whether it is advisable to permit commercial exploitation within national parks will be threshed out. When the matter was first submitted to parliament several years ago, protests were lodged against power development on the grounds that the scenic effects would be destroyed and that in any case parks should be maintained as parks, and should not be industrialized. This argument has not much weight in Alberta, for there is not much power in sight in this province, compared with Ontario or Quebec, and the most feasible power project is that which embodies the impounding of water at Spray Lakes.

This latter fact was developed by Ontario hydro-electric engineers, who made a survey of the power situation for the Alberta government in 1925.

Alberta does not possess the tremendous power resources found in Ontario. The rivers which pour from the Eastern slope of the Rockies have considerable flows in the warmer months, but they contract woefully in the winter. Heads must be created to establish permanent power capacity.

Examining the watershed west of Calgary, the one attractive site was Spray Lakes, situated, as noted, in the Banff National park. Experts from the hydro-electric power commission of Ontario were requisitioned to survey this location. It was reported that a head of 1,225 feet could be developed. An upper and a lower plant were proposed. The former would have a head of about 500 feet and could develop about 40,000 horse power in the summer. To supply the head for the lower plant, a reservoir would be created in the Spray Lakes and a tunnel bored through Wind Mountain, the water entering the Bow River after passing through the power plant. By hooking these plants up with the Calgary Power Company's existing plants on the Bow River at Kananaskis and Seebe, some fifty miles west of Calgary, approximately 57,000 h.p. would be delivered and by utilizing two other sites on the Bow and also Lake Minnewanka, a total of 100,000 h.p. could be produced.

Major Projects Cost

The Ontario engineers reported that a major project for Spray Lakes development, involving the supplying of power practically throughout the province, would entail a new investment of $7,087,759, which with the existing old capital of $3,788,647, would represent a total of $11,876,406. The project could be developed still more widely for another $2,500,000, the engineers stated.

However, it has not been the plan of the Calgary Power Company to embark on such a pretentious enterprise at the present time, provided the license were issued to it instead of to the Alberta government. For immediate purposes, it has had in contemplation the expenditure of approximately $1,500,000, with more to follow soon as a natural development. But the company will be out of the picture if the license is issued to the province.

Alberta's Heavy Loads

And yet the Alberta government is not so very keen to shoulder this new commitment. It had a burden of $1,900,000 to assume from its railway commitments last year; another heavy load from its irrigation project responsibilities and other loads here and there—all due to the allegiance to the public ownership principle. But now it is obligated to go through with the undertaking should the Dominion government decide to issue a license for power development in a national park. The dispute over this has already lasted three years; it may last another three, even although Alberta's power needs are so urgent.

Metropolitan Makes Loan to Spencer's

An additional investment in Canada has been made by the Metropolitan Life Insurance Company. The company has closed a loan on bond and mortgage for $1,400,000 to David Spencer, Limited, of Vancouver, B.C., on the new department store property of the company in that city. Since the beginning of the present year, the Metropolitan has invested in Canada, capital to the extent of $6,165,000, and recently made large loans to T. Eaton Company and Dupuis Freres, Montreal department stores.

NEW COMPANY WILL OPERATE ARNOLD BROS.

(Continued from page 1)

mon dividends will be segregated annually for this sinking fund.

See Gross of $12,000,000

In a supplementary letter sent to shareholders Thursday, by T. A. McAuley, it is estimated that the gross revenue of the consolidated business, based on the actual gross revenue of the consolidated stores, will amount to $12,000,000 annually. Profits, before depreciation, taxes, etc., will be 5 per cent. of the gross, or $600,000. Bond interest will take $72,000 and preferred dividends $70,805. This would leave a balance of $457,195, or about $5 the share of common, before depreciation, taxes, etc.

It is stated that the consolidated balance sheet will show over $200 of assets for each share of new preferred stock after deducting the cost of the bond issue. Current assets, representing cash in hand, merchandise, etc., will be in excess of $600,000.

"In other words," continues Mr. McAuley's letter, "the proposed purchase of A. Martin, Ltd., is in effect the same as though your company had, in the ordinary course of expansion, bought and leased 65 separate stores in picked localities. The advantages of the proposed deal over such a course are manifest. The locations acquired could not have been obtained under lease and, if they could, the cost to the company on a fair rental basis would have been considerably more annually than the entire interest and sinking fund on the bonds and dividends on the preferred stock."

Mr. McAuley also points out that the present shareholders, because of this deal, immediately will have the earning power behind their stock which, in the ordinary means of expansion, would have taken years to accomplish.

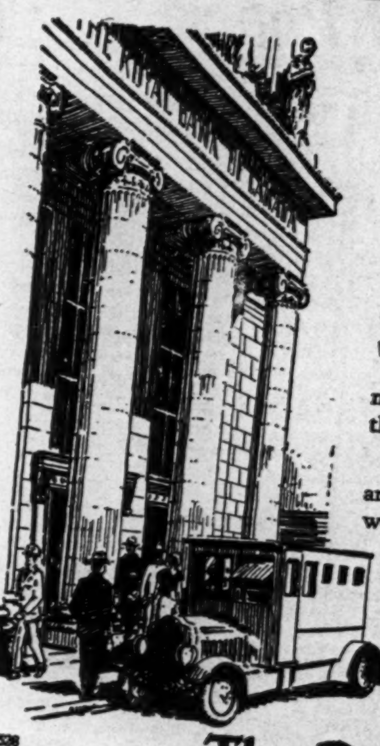
The president of Arnold Bros. is the largest holder of the common stock of the new company. With 50,000 shares outstanding and the shareholders being given the right to subscribe for one new share for each two held, the subscription from present shareholders of all but 6,500 shares thus is provided for. Mr. McAuley himself has underwritten the issue of common stock to the amount of $500,000, so that the deal can be consummated, and the new organization provided with adequate working capital.

It is said that the deal involves something like $1,000,000. The Martin stores are believed to have been one of the best paying features of the William Davies Company business, but the sale was deemed feasible in order to improve the liquid position of that company. It is understood that the purchase involves the transfer of a small block of the preferred and common stock of Arnold Bros.

Arnold Bros. immediately will begin to round out its chain to include Ontario and Quebec cities heretofore not touched by the Martin chain, for reasons of policy concerning the packing end of the Davies business. The Toronto warehouse acquired by Arnold Bros. some months ago is large enough to take care of the expanding business for some years, it is believed. This warehouse is well located with regard to shipments by rail and the company reports excellent service from the railroads, shipments normally reaching their destination in Western and Eastern Ontario twelve hours after packing at the Toronto warehouse.

In locations where there are at present both an Arnold store and a Martin store, one of the stores will be leased. In one such instance in Toronto, negotiations are already underway with a company operating a non-competitive chain. The revenue from rentals will be fairly large, it is said.

The new preferred will be convertible at any time up to June, 1929, into common on the basis of two common for one preferred.



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Stock Market Record

WEEK ENDING MARCH 8

	Div. Rate	Yield Mar. 7	High for wk.	Low for wk.	Close Mar 8	Close Mar 1	Sales for wk.	Range, 1927 High	Range, 1927 Low
Banks—									
Commerce	12+1	5.41	242	239	240	241	224	248	228
Dominion	12+1	5.64	229	229	229	230	22	230	217
Can. Nationale	10	6.06	165	164	165	164¾	107	165	160½
Imperial	12+1	5.90	221	220	220	221	38	223	214
Montreal	12+2	4.82	293	288	293	290	223	295	272
Nova Scotia	16	5.00	321	319	320	314	140	321	298
Royal	12+2	5.42	260	257	258¾	260	385	266	257
Standard	12	5.84	206	204½	204½	205	100	207	196
Toronto	12	5.17	234	232	233	234	61	238½	230
Paper—									
Abitibi, com. (no par)	5	5.49	91	86	90½	87½	6320	91	82
Do. pref.	7	6.03	...	...	...	...	...	116	113
Belgo-Can. pref.	7	6.86	108	101½	102⅝	103	61	103	101
Brompton (no par)	50c	1.56	32½	31½	31¾	32¼	1230	35	31½
Fraser, pref.	7	7.23	96¾	96⅜	96¾	...	100	96¾	96¾
Inter. Paper, com.	$2	3.28	60⅞	55⅝	59½	57	33600	60⅞	53⅞
Laurentide	6	5.76	102½	98½	102⅝	101	10313	110⅜	98½
Price Bros., com.	2	3.33	60	59½	60	60	740	63	59
Do. pref.	6½	6.40	101½	101½	101½	102	115	104	100¾
Prov. Paper, com.	6+1	5.49	...	...	...	...	...	128½	115
Do. pref.	7	6.60	106	106	106	106½	22	107	105¼
Smith, Howard, com.	.	...	64	61	61	62	179	68¾	60½
Do. pref.	8	7.40	108	107	107	107	107	108	103½
Span. River, com.	7	6.98	100¼	99⅝	100	100	719	104¼	99
Do. pref.	7	6.11	115	114	114½	114¾	247	116½	112
Wayagamack	$3	6.38	48	47	47	46¾	191	54¾	46¾
Steel and Steel Industries—									
B.E. Steel, com.	.	...	1	1	1	1¼	50	1⅝	⅜
Do. 1st pref.	.	...	18	18	18	18½	5	22¼	17½
Do. 2nd pref.	.	...	3¼	3¼	3¼	3¼	295	4	2⅞
Can. Car & Found., com.	.	...	46½	41½	41½	46½	490	50¼	41½
Do. pref.	7	7.69	92	89½	91	92	499	94½	89
Can. Fairbanks, pref.	6	7.31	...	...	...	...	...	82	80
Can. Forgings, com.	.	...	24	22	22½	22	617	24	20
Do. pref.	.	...	85	80	85	80	95	85	66
C.G.E., com. (par $50)	.	...	...	...	...	...	...	50	50
Do. pref. (par $50)	7	5.95	58¾	57½	58½	58½	280	58⅝	56¼
Can. Locomotive, com.	.	...	...	...	...	...	...	48	40
Do. pref.	7	8.00	88	87	88	87	101	89	85½
Canada Iron, com.	.	...	...	...	...	...	...	12	12
Do. pref.	4	8.51	47	47	47	44	15	47	42
Dominion Bridge	4+2	4.31	144	136½	142½	142	3269	148¾	116¾
Dominion Coal	.	...	72	71	72	72	17	75	71
Dominion Iron, pref.	.	...	...	...	...	...	...	5	5
Dom. Radiator, pref.	7	6.96	101	100½	100½	101	30	101⅜	100
Dom. Steel Corp., pref.	.	...	22⅛	22½	22½	22½	95	25	22
Ford Motor	10	...	...	...	...	...	...	x622	500
Gould Pumps, pref.	7	7.00	...	...	...	...	...	100	100
Kelvinator, com. (no par)	.	...	14¾	14	14¾	14¾	185	15	9¾
Do. pref.	7	7.44	94	91¾	93	91	20	94	88½
McKin. Ind., c. (no par)	.	...	18	18	18	18	30	21	18
Do. pref.	7	7.36	95	94	95	94	51	95	93¼
Massey-Harris, com.	.	...	111	106	111	109	7992	115	67½
Do. pref.	7	6.48	108½	108	108	108½	328	109	103½
Ontario Steel, com.	4	5.36	...	...	...	...	...	78	73
Do. pref.	7	6.82	...	...	...	...	...	102½	102
Page Hersey, c. (no par)	$3	4.76	64	62⅝	62⅝	68¼	293	65½	55½
Do. pref.	7	5.60	128	124⅞	125	127⅞	481	130¼	116
Pressed Metals, com.	.	...	39	38	38	37½	26	39	34¼
Do. pref.	$1	...	...	...	...	...	...	85	85
Russell Motor, com.	3	6.12	...	...	...	...	...	x50	39
Do. pref.	7	7.21	97	97	97	96	17	97	90¼
Sawyer-Massey, pref.	.	...	5⅛	5⅛	5⅛	5	1	5¼	5
Steel of Canada, com.	7	5.60	126½	122	124¼	126	1810	129⅛	117
Do. pref.	7	5.14	136	135	136	134	15	136	127
Milling and Foodstuffs—									
Arnolds, com. (no par)	.	...	25¾	22	25	22½	3877	26	18
Do. pref.	7	7.73	95	88¼	95	88½	226	95	84
Alta. Pac. Gr. c. (no par)	.	...	26½	24⅝	24¾	27	40	27¼	24⅜
Do. pref.	7	7.73	92	90½	90½	90⅜	165	92	87½
Atlantic Sugar, com.	.	...	28⅜	28	28¼	28½	550	30½	27½
Do. pref.	.	...	91½	90	91¼	89⅜	470	92	90
B.C. Fishing	5	5.60	89¼	86	88½	87¼	1426	94½	73
Can. Bak., com. (no par)	.	...	27	27	27	29	5	33	27
Do. pref.	7	7.03	99½	99½	99⅛	100	8	100	98
Can. Bread, com. (no par)	$5	5.29	94½	94	94½	...	75	94⅝	90
Do. pref. (A)	7	6.03	116	115	116	94	185	116	108¼
Do. pref. (B)	7	6.39	109⅛	109	109½	112	30	109½	103
Can. Canners, com.	.	...	40	35	39½	109	3210	40	21
Do. pref.	4	4.79	85½	82	83	35	1725	86½	76
Canadian Salt	8	5.88	136	134	135½	85¼	30	136	123
Christie Brown (no par)	$1.20	3.08	...	...	...	134	...	40¼	38
City Dairy, c. (par $25)	$3+1	3.81	105	99	102¼	103¼	2130	107⅝	79
Do. pref.	7	5.93	119	118	119	116	15	119	112
Cuban Can. Sugar, com.	.	...	...	...	...	2¾	50	5	2⅜
Do. pref.	.	...	36¼	35¼	35¼	36	107	36¼	29
Wm. Davies (A) (no par)	.	...	33	29⅝	32¾	30⅞	2130	33	25
Do. (B) (no par)	.	...	...	...	...	...	...	9	9
Dominion Stores (no par)	$2.40	3.13	77	74¾	74¾	75	1655	77	65
Hamilton Dairies, com.	.	...	26	25⅝	26	25¼	45	26	24
Do. pref.	7	7.14	98	98	98	98	68	98½	96
Inter. Milling, pref.	7	6.69	105	104½	104½	104½	18	107	104
Lake of Woods, com.	12	7.74	155	155	155	159	105	160	150
Do. pref.	7	6.08	115	115	115	115¼	25	117	115
Loblaw, com.	$1.25	2.50	50½	50	50½	50½	109	51	48
Do. pref.	7	6.48	108	108	108	107	5	108	107
Maple Leaf Mill, com.	.	...	63	63	63	64	51	64	61½
Do. pref.	7	7.03	99½	99	99	99½	50	101¼	99
Ogilvie Flour, com.	5	2.18	235	235	235	245	60	250	205
Do. pref.	7	5.69	123	122	122	122	51	123	120¼
Pure Gold Mfg. (no par)	$1.50	7.69	19½	19¼	19½	20	25	20	19¼
Shred. Wheat (no par)	$3	4.80	64	61½	62	64	2594	65	55
St. Law. Flour, com.	.	...	31½	28	30	30	127	31½	28
Do. pref.	7	8.43	83	83	83	83	6	84	83
Viau Biscuits, com.	.	...	22	21	22	20	225	26	20
Do. pref.	7	8.23	85½	83½	85	86	611	88½	83½
Western Groc., c. (no par)	$1	...	25	24	24	27	144	29	23
Do. pref.	7	8.75	80	79½	80	79¼	52	84	74¼
West. Can. Fl., c. (no par)	$1.40	6.08	23	22	23	23⅞	70	24¼	22
Do. pref.	6½	6.37	103	102	102	102	22	103	100
Utilities—									
Bell Telephone	8	5.44	150	146	150	146¾	974	158½	137
Calgary Power	.	...	...	...	...	...	...	50	50
Consumers Gas	10	5.61	178	176¼	178	176½	126	178	171½
East Koot. Power	.	...	27	27	27	27	25	29¼	26
Do. pref.	7	7.10	...	...	...	...	...	98½	97
Inter. Util. (A) (no par)	$3.50	...	33	33	33	31	...	33	28
Jamaica Pub. Ser., pref.	7	7.00	100	99	100	100	90	100	97
Laurentide Power	5	4.54	111½	110	111½	115	72	120	110
Mackay, com.	7	5.60	125	122¼	122¼	126	110	127½	119
Do. pref.	4	5.59	72	71	71½	72	17	74	69¾
Mexican Light, com.	.	...	...	...	...	...	88	31	27
Do. pref.	.	...	...	...	...	...	...	100	77¼
Mont. L. H. & Pr. (no par)	$2	2.68	74⅞	73¼	74	74¾	5776	76¼	68¼
Montreal Teleg. (par $40)	8	5.33	50½	50½	50½	50½	55	50½	49¼
Nor. Mexico Pr., com.	1	...	58	56	56	57	445	59	42
Do. pref.	7	8.23	85	85	85	85	151	86	82½
Ottawa & Hull Pr., com.	.	...	...	...	...	...	...	28	28
Do. pref.	7	7.19	97¼	97	97¼	97	10	99½	96
Ottawa L. H. & Pr., com.	6	5.94	102	102	102	101	10	102	98½
Do. pref.	6½	6.19	105	104¾	105	105	20	105	102
Quebec Power, com.	6	2.66	226½	222	224	226	1046	230¼	190
Shawinigan	$2	2.89	69	68½	69	68¾	3972	69¾	67
South. Can. Pr., com.	2	2.27	88	85	87¼	88½	274	90	85
Do. pref.	6	5.91	101½	100¾	101½	101½	64	102	100
Transportation—									
Can. Pacific Rly.	10	5.40	189¼	182¾	182¾	190	47	190	166
Can. Steamships, com.	.	...	39½	39	39½	39	780	39¼	35
Do. pref.	1½	6.81	88	87½	88	87¼	1338	89¼	82¼
Do. voting	.	...	37	37	37	37¼	800	37¼	32½
Tractions—									
Barcelona (par $50)	.	...	41¼	40¼	41¼	40	384	42	33¼
Brazilian, com.	6	4.84	124¾	120¼	124⅝	120¾	76156	124¾	102½
Do. pref.	6	5.45	110	110	110	109	35	110	104
Detroit-Un. Rly.	.	...	2¼	2	2	2	150	2⅝	2
Duluth-Superior	.	...	26½	25	25	27	35	27¼	25
Illinois Traction, pref.	6	...	...	...	...	...	...	x100½	96½
Montreal Trams	10	5.68	177	175⅞	176	176	23	180	169
Ottawa Traction	4+1	7.57	66	66	66	66	5	68	64
Porto Rico Rlys., com.	2	2.86	69¾	69⅜	69¾	69¾	10	70⅞	59
Do. pref.	7	7.44	94	94	94	93	10	[illegible]	90
Twin City, com.	4	6.66	64	55	57	64¾	3032	66	55
Do. pref.	7	7.00	...	...	...	...	...	100	100
Winnipeg Elec., com.	1	...	68½	62½	62¼	63¼	1038	66½	60¾
Do. pref.	7	6.76	104¼	103	103½	103½	185	104¼	100¾
Textiles—									
Can. Conn. Cotton, pref.	4	9.09	44	43¾	44	42	60	50	36
Can. Converters	7	7.00	101	100	100	100	28	102¼	100
Can. Cotton, com.	8	6.50	...	...	...	...	...	125	120
Do. pref.	6	6.03	100	99½	100	99½	61	100	95
Can. Woollens, com.	.	...	...	...	...	...	...	10	6
Do. pref.	.	...	63½	63½	63½	62¾	75	63¼	60
Cosmos Imp., com.	.	...	18	17	18	18	2148	18⅞	13
Do. pref.	7	7.21	97	96½	97	96	179	97	91¼
Dom. Textile, com.	5	4.54	111¼	109	109½	111	1270	111¼	105
Do. pref.	7	5.83	120	119	120	117	100	120½	117
Monarch Knitting, com.	.	...	...	...	...	...	...	7½	7½
Do. pref.	.	...	...	...	...	...	...	54	50
Montreal Cottons, com.	6	5.31	...	...	...	...	...	115	110
Do. pref.	7	5.93	...	...	...	...	...	118	115
Penmans, com.	8+2	4.67	214	213	214	215¾	231	218	182¼
Do. pref.	6	5.88	...	...	...	...	...	103	101½
Wabasso Cotton	6	5.40	112	110	110	114	270	116	100½
General Industrials—									
Amer. Sales, c. (par $20)	4	5.55	75	70	70	73	125	75	67
Do. pref.	7	7.00	100	98	99¾	98½	158	100	97½
Asbestos Corp., com.	.	...	22½	21	21½	22	1460	24¾	21
Do. pref.	7	8.28	84½	83	84¼	84	1277	87½	82¾
Building Products, pref.	7	7.29	...	...	...	...	...	96	93½
Brant. Cord. pf. (par $25)	8	8.88	22½	22	22¼	22¼	312	23¾	21
Burt, F. N., com.	12	5.15	61⅛	58	58¾	62	1503	65¼	58
Do. pref.	7	3.33	...	...	...	...	...	x210⅛	210½
Canada Cement, com.	6	4.52	136	131	131	135	2142	139	124½
Do. pref.	7	5.98	118	116	117	119¾	225	120¼	116
C. Ind. Alc. (no par)	$1.28+20	4.83	26⅝	25½	26½	26½	12081	28	21¼
Canadian Oil, com.	5	4.00	126	120	125	125	532	126	99
Do. pref.	8	6.86	118	116½	116½	117	83	118	115½
Crow's Nest Coal	6	9.30	64	64	64	64½	20	66½	63½
Dom. Glass, com.	7	6.51	111	105½	111	105½	2986	111	104
Do. pref.	7	6.19	113	113	113	113	5	114½	112
Dom. Rubber, pref.	7	8.75	...	...	...	...	...	x87½	80
East. Theat. c. (par $25)	.	...	29	28	29	30	90	30	24
Do. pref.	7	7.36	...	...	...	...	...	95	94
Famous Players, com.	.	...	...	...	...	...	...	30	20
Do. pref.	8	8.16	99½	97¾	98	97¾	33	101	93¾
Gilman, com.	6	4.91	...	...	...	...	...	x127⅛	104½
Do. pref.	7	5.60	...	...	...	...	...	125	125
Goodyear Tire, pref.	7	6.60	106	103¾	106	105	1719	109	94½
Holt, Renfrew, com.	.	...	...	...	...	...	...	43	43
Do. pref.	7	7.77	...	...	...	...	...	90	85
King Ed. Hotel	.	...	...	...	...	...	...	29¼	20
Lyall Construction	.	...	...	...	...	...	...	45¼	85¾
Loew's, com.	.	...	...	...	...	...	...	40	38
Do. pref.	7	7.00	100	100	100	98½	15	102	96½
Nat. Brew., c. (par $25)	4	5.79	69	68¼	68¼	69	1730	71⅝	65
Do. pref.	7	6.48	109	109	109	108	50	110	105
National Brick, com.	.	...	...	...	...	...	...	10	8
Do. pref.	7	10.00	70	70	70	70	15	81	65
Pacific Burt, com.	6	6.81	...	...	...	...	...	89½	88
Do. pref.	7	6.60	105	105	105	106	5	108	106
Port Hope Sanitary, com.	3	2.30	...	...	...	...	...	130	125
Do. pref.	7	6.60	...	...	...	...	...	106	90
Rogers, Wm., com.	.	...	77	74	77	74	145	77	64
Do. pref.	7	7.29	...	...	...	...	...	98	92
Seagram (no par)	.	...	25½	22¾	25	25	17380	26⅞	15
Sher-Williams, com.	6	3.94	152	150	152	150	175	152	142
Do. pref.	7	5.83	120	119	119	120	11	120½	118
Sterling Coal	4	11.11	...	...	...	...	...	36	36
Tooke Bros., com.	.	...	...	...	...	...	...	x8	8
Do. pref.	7	8.33	80½	80½	80½	84	2	89	80½
Tuckett Tobacco, com.	4	5.63	71	71	71	71	5	72	69
Do. pref.	7	6.63	...	...	...	...	...	106¼	104
Woods Mfg., com.	.	...	39	39	39	40	5	45	39
Do. pref.	7	8.75	84	84	84	80	10	89	80
Trust and Loan—									
Can. Landed (par $50)	10+1	5.50	100	99⅞	99⅞	99⅞	45	100	94
Can. Permanent	12	5.45	220	219	220	219	52	221	216¼
Colonial Invest.	6	...	6¼	6¼	6¼	6½	10	7	6¼
Huron & Erie	7+½	5.28	142	142	142	139	50	142	139
Landed Banking	9	5.59	...	...	...	...	...	161	161
Montreal Loan (par $50)	12+1	6.50	...	...	...	...	...	x50⅛	50
National Trust	12	4.95	242	242	242	240	2	255	232
Ontario Loan (par $50)	11	4.70	...	...	...	...	...	117	111
Real Estate Loan	7	7.00	...	...	...	...	...	100	100
Toronto Gen. Trusts	12	5.26	...	...	...	...	...	228	220
Toronto Mtge. (par $50)	10+1	5.44	...	...	...	...	...	101	100
Union Trust	7	6.48	...	...	...	...	...	108	104

CURB AND UNLISTED MARKETS

	Div. Rate	Yield Mar. 7	High for wk.	Low for wk.	Close Mar 8	Close Mar 1	Sales for wk.	Range, 1927 High	Range, 1927 Low
Anticosti, pref.	7	7.14	...	...	...	...	...	98¾	98
Attendu Engine (par $1)	.	...	16	14	14	17	1075	35½	14
Bawlf Grain	.	...	98	98	98	...	500	98	98
Beacon Oil	.	...	18	17¾	17¼	20⅞	485	20¾	17¾
B. C. Oilfields	.	...	2⅞	2¼	2⅜	...	200	2⅞	2¼
Belding, com.	6	7.89	76	75	75	76	14	88	75
Do. pref.	7	7.00	100	100	100	100	5	100	100
Brit. Amer. Oil (no par)	80c	3.47	23¼	22¼	23	23½	5491	24¼	20
Can. L. & Pr.	.	...	20½	20¼	20¼	20⅜	25	23	20
Brew. & Distil. (par $5)	.	...	4¾	4⅝	4⅝	4½	110	5¼	4½
Can. Brewing	.	...	28	27	27	27¼	100	30¼	25¾
Can. Nor. Pr., c. (no par)	.	...	51	50	51	51	14	52	42
Do. pref.	7	7.07	99	98¾	99	99	187	99½	98½
Cockshutt, pref.	4	5.55	72	71	71	74	475	77	71
Continental Oil	$1	5.00	20⅛	20½	20¼	20⅜	75	22¼	20
Cosgrave Brew. (par $10)	5	6.25	8	7½	7½	8	3025	8	7
Cooksville Shale Brick, c.	.	...	...	...	...	...	...	10⅜	10¼
Do. pref.	4	...	...	...	...	...	...	50½	50½
Com. Alcohol	.	...	...	...	...	...	...	54	49½
Dom. Engineering	$3	2.00	155	150	155	150	85	157	135
Dryden Power (no par)	.	...	12	12	12	12¼	125	15¼	11½
Eastern Dairies (no par)	.	...	23¼	22½	23	22	370	23¼	20½
Do. pref.	7	7.44	...	...	...	...	...	96½	94
Eng. Elec., com. (no par)	.	...	15	15	15	15	3	16	15
Do. pref.	.	...	76½	76	76¼	75¼	25	76½	72½
Good. & Worts (no par)	$1	1.82	56½	52¼	56	55⅝	11080	58½	43
Hiram Walker	.	...	38⅛	34⅞	36¼	37	17489	42	28½
Illinois Power, pref.	7	7.00	100	100	100	100¼	53	100½	98
Imperial Oil	$1+12½	2.60	44¼	42⅝	42¾	44¼	10100	46¼	37¾
Imp. Tobacco, c. (no par)	6	...	7⅛	7	7	6⅞	2310	7¼	6¾
Inter. Petroleum	75c	2.34	33⅛	31½	31¾	33	2855	35¼	31½
Montreal Power, pref.	.	...	88	89	88	...	5	88	88
Manitoba Power (no par)	.	...	55	53	53	56	36	58½	50
McColl, com. (no par)	80c	3.00	27½	27¼	27¼	27¼	555	28⅛	22½
Do. pref.	7	6.66	105	105	105	105	98	105	100
Mount Royal, com.	.	...	5	5	5	4½	25	6	4½
Do. pref.	1½	...	...	...	...	...	...	55½	54
North Star Oil, com.	.	...	200	200	200	200	1865	200	115
Do. pref.	7	...	...	...	...	...	...	501	490
N.S. Car, com.	.	...	...	...	...	...	...	25	18¼
Ott. Mtl. Pr., c. (no par)	.	...	...	...	...	...	...	20	18⅝
Do. pref. (par $50)	7	7.29	48	48	48	48	...	48⅝	47½
Ottawa River Pr. (no par)	.	...	26	25	25½	26	50	26	25
Paton Mfg., com. (no par)	.	...	...	...	...	...	143	56	55
Do. pref.	.	...	...	...	...	...	...	100	99
Power Corp., c. (no par)	.	...	28¼	27¼	28	28	720	29¾	27½
Do. pref.	.	...	96¾	96⅝	96⅝	97	50	97½	94
Port Alfred, pref.	6	6.20	...	...	...	...	...	97½	96
Que. South Pr. (no par)	7	7.17	...	...	...	...	...	28½	25
St. Maur. Power	.	...	96	96	96	96	...	98	96
St. Maur. Valley, com.	.	...	50	49	49	50	23	56½	49
Do. pref.	.	...	...	...	...	...	162	98	95
Simpson, Robt., pref.	7	7.17	...	...	...	...	...	100½	100½
Sovereign Secs. (par $5)	6	5.97	...	...	...	...	...	200	200
St. Law. Pap., c. (no par)	.	...	...	...	...	...	...	54	41
Do. pref.	.	...	41	41	41	45	75	108	105
Standard Clay	8	7.61	107	105	107	105½	67	40	39
Toronto Dairy	.	...	40	40	40	40	127	90½	90½
Toronto R.S.	.	...	...	...	...	...	...	150	150
United Secs., com.	.	...	...	...	...	...	...	51	45
Do. pref.	6	5.71	45	45	45	50	3	105¼	104
Volcanic Oil	63c	...	105	105	105	105	2	39	37
Venezuelan Pete. (par $5)	.	...	...	...	...	...	...	7½	6¾

x Quotations for 1926. No sales recorded in 1927 to date.

UNLISTED SECURITIES

	Bid	Asked
Brooks Motor, 1 pref. & com.	..	7
Do., 1 pref. & 2 com.	..	9
Can. Machinery, com.	5	6½
Can. Westinghouse, com.	184	190
Chase, A. W., com.	..	10
Do., pref.	..	80
Dunlop Tire, pref.	91	..
Fanny Farmer, com.	25	27
Farmers Dairy, com.	62	..
Goodyear Tire, 6% pref.	97	..
Gunns, Ltd., pref. (new)	100	103
King Edward Hotel, Deb. A.	71	74
King Edward Hotel, Deb. B.	59	62
Loew's Buffalo, pref.	47	53
Nat. Grocers, 1st pref.	95½	98
Nat. Grocers, com.	2	6
Continental Life, 20% paid	42	52
Crown Life	150	..
Empire Life	26	29
Excelsior Life, 29% paid	66	..
Great West Life	445	455
Monarch Life, 10% paid	35	..
Mortgage Discount, pref.	6¼	7
Ontario Equitable	27	30
Re-Insurance	27	30
Security Life, 40% paid	26	31
Sun Life, 75% paid	700	..
Toronto Finance, pref.	3½	4½
Willard's, pref.	67	71
Canada Life	775	825
Capital Life, 20% paid	20	22
Farmers Dairy, pref.	100	104

Pulp & Paper

PRICE BROTHERS' NEW EQUIPMENT VERY PROMISING

New Dryer to Produce Savings of Hundreds of Thousands of Dollars

From Our Own Correspondent.

MONTREAL. — To date, Price Brothers & Co. has achieved satisfactory results from the new type of paper making equipment which was installed in December on one newsprint machine at the Kenagami mill.

Last December, the company decided to make a thorough commercial test of the Minton Vacuum Dryer. Newsprint men on this continent are watching the development closely for the new dryer is one of the most radical developments ever made in the art of pulp and paper making.

The manufacture of paper consists of feeding into one end of the paper machine a thin layer of pulp which passes through innumerable heated rolls before the water is finally dried from the pulp and it emerges as paper. The Minton Vacuum Dryer, the new machine which was made by Charles Walmsley (Canada) Ltd., reduces the number of drying rolls required by fifty per cent. and allows the machine to operate faster, thus increasing the output. The principle of the new drying section of the paper machine is simply that the drying rolls are enclosed in a vacuum which allows the water in the pulp to evaporate faster.

The new adaptation in reducing the number of drying rolls naturally reduces the space which the paper machine occupies, reduces the steam requirements of the machine and increases the output by over thirty-five per cent. It is thought that production costs will be lowered by about $2 per ton.

First Commercial Trial

Before Price Brothers & Co. installed the new dryer on a 152 inch machine, it had previously been tried out only on a paper machine which produced paper with a width of sixty inches—hardly a commercial size.

The machine which is now operating with the Minton Vacuum Dryer formerly had a capacity of around 55 tons of newsprint daily, and it is expected that within the next two months the new equipment will allow a production of from 70 to 75 tons per day. Like any other new newsprint machine, after it first went into operation at the beginning of the year, there were some adjustments to be made, but for the past two weeks the machine has been operating very satisfactorily and during the next two months it will be given its commercial try-out. At the end of that time, Price Brothers, from the results achieved, will decide whether to instal the new dryer on an additional two new machines which will go into operation at the close of this year at the Riverbend mill.

While the new machine has not been in operation sufficiently long to definitely prove its commercial possibilities, yet it is fair to presume that it will be more than successful. How the development is regarded by those in the industry may be judged from the fact that many newsprint executives and some of the larger newsprint companies own stock of the Minton Vacuum Dryer Co., which holds the patents on the new process.

Port Alfred Corporation Completes Its Financing

From Our Own Correspondent.

MONTREAL.—The Port Alfred Pulp and Paper Corporation has issued $2,185,000, first mortgage, 6 per cent. bonds which were sold privately by the investment house of Wood, Gundy and Company. The issue is known as Series "B," as opposed to the Series "A," which bears 6½ per cent. interest.

The total authorized amount of the company's bond issue is $15,000,000. With the new bonds, $8,233,500 have been issued, and of these $308,000 have already been redeemed. Thus, there is outstanding $7,925,500 in the hands of the public. The rest of the company's capitalization consists of $1,175,000 deferred notes secured in part by an issue of $900,000 income debentures, due 1954; $6,000, cumulative, redeemable, 7 per cent. preferred and 120,000 common shares no par value. The new bond issue completes the financing of the company necessary to its expansion programme. The four new newsprint machines have all been installed, and the extensions to the plant are completed.

Adds to Reserves

MONTREAL.—It is understood that the Brown Corporation will retain the Cap Magdalen timber limits which it recently purchased as a forest reserve. The pulp mill on the property will not be opened and timber may, perhaps, be shipped from the limits to the New Hampshire mills, which are owned by the parent U. S. company. Ultimately, the Brown Corporation may erect a newsprint mill on the Cap Magdelen limits. They are situated in Gaspe.

Dominion Bank

The Dominion Bank announces the following staff changes: G. K. Bryson, formerly accountant at St. Thomas branch, has been appointed accountant at London, Ont., and is succeeded at St. Thomas by B. A. Macdonald.

Young Man 26 Yrs. Old Offers Services to Power, Paper or Mining Company in Northern Ontario or Quebec

Is first-class STENOGRAPHER, has had financial training with large corporation, can handle correspondence, timekeeping and any kind of office work.

Willing to go to mill at outlying point.

Box 412, Financial Post.

Bravo! Price Brothers

ADVANCE of science turns waste into valuable by-products, brings cheaper production methods and rapidly alters or modifies manufacturing methods.

This is as it should be, and only thus the masses enjoy luxuries formerly enjoyed by the classes. But this evolution of industry dependent on scientific progress has also wrought havoc and left in its wake a train of companies and their managements who have been too sleepy, too slow or too conservative to adopt the latest and best practices.

Price Brothers & Company have installed a new paper machine which reduces steam costs, upkeep costs and initial costs.

It is said that savings will result, running into hundreds of thousands of dollars. The shareholders of Price Brothers & Company can well afford to congratulate themselves on the fact that their mangement was the first to adopt the new process in a field which has long been noted for its willingness to try out improved methods of operation.

The action of Price Brothers in being the first to adopt the new process again indicates clearly the sound wide-awake management under which the company operates, and upon whose judgment depends the safety of the shareholder's investment.

FRASER COMPANIES USE PULP MACHINES IN MAKING PAPER

Machines Formerly Used to Dry Pulp Are Now Producing Paper

From Our Own Correspondent.

MONTREAL.—The listing of the Fraser Companies' 7 per cent., cumulative, redeemable, convertible, preferred shares on the Montreal Stock Exchange has directed investment attention to this security, one of the favorable points of which is the fact that the companies' new U. S. paper mill has more or less recently entered upon its second year of production.

The American mill is situated just across the border from the company's Canadian mill at Edmundston, N. B. The latter produces bleached sulphite pulp and pumps a little less than half its output across the border through a pipe line to the U. S. subsidiary, there to be manufactured into paper.

The paper plant in the States has a rated capacity of 6,000 tons of paper annually, but no doubt during the initial year the machine requires some tuning and thus, in 1927 the output should be in excess of 1926 and the costs should be lower. So that the Fraser Companies should obtain during the current year a somewhat enhanced profit from this subsidiary.

Owns Two Subsidiaries

The Fraser Companies own outright two subsidiaries, the Fraser Paper, Limited, which owns the U. S. mill, and Stetson-Cutler and Company, which has large timber holdings in New Brunswick and Quebec, and operates sawmills. The companies own three pulp and paper mills, the American mill, the Edmundston mill with an output of about 44,000 tons of bleached sulphite annually, and the mill at Chatham, N. B., with an annual output of 18,000 tons of unbleached sulphite pulp.

The companies operate also twelve sawmills, with an annual capacity of 125,000,000 board feet of lumber, and a large production of cedar shingles, laths and railway ties. The timber limits owned amount to 3,529 square miles.

Before the Fraser Companies built the U. S. paper mill, its entire sulphite pulp output was sold to other companies, but with the completion of the paper mill at Madawaska, Maine, the Edmundston mill found itself with some pulp-drying machinery over and above its requirements. It is satisfactory to note in the application to the Montreal Stock Exchange for listing the stock that this equipment has been turned over to the manufacture of paper, and that the Edmundston mill had a production last year of 2,400 tons of sulphite wrapping paper. But, during the current year, this paper production at the Edmundston mill will be expanded: the company has so arranged its machinery there that the present capacity of the plant, in addition to its pulp output, is 6,000 tons of high-grade sulphite wrapping paper.

The Companies' Capital

The capitalization of the Fraser Companies is as follows:

6% bonds	$ 6,000,000
7% Preferred Shares	2,325,000
Common Stock	10,000,000

For the operation of the companies' Edmundston mill there is a hydro-electric power development of 2,000 horsepower capacity. From this development, and from installations burning waste from nearby sawmills, the company obtains its power at low cost. At Chatham, N. B., the mill is located on the Miramichi River, and has the advantage of being able to ship its output at low rates from its own deep-water docks.

The companies employ permanently some 1,400 men, but, in the logging and sawing season, this may run up to 9,000.

Output Steadily Increases

The Edmundston mill was erected in 1919 and the output from this property has shown a steady increase year by year since its completion. The same applies also to the unbleached sulphite pulp mill at Chatham, with the exception of the year 1924, when the output declined. While conditions in the lumber industry are not such as to warrant an increasing output and, in fact, many lumber companies have materially decreased their output over the past few years, Fraser Companies have been fortunate and, while the output has not materially increased, yet it has been well maintained.

How Ontario Proposes to Make Its Timber Supply Permanent

By HON. WILLIAM FINLAYSON, Minister of Lands and Forests, Ontario.

Ontario plans an extensive forestry programme that will provide a continuous supply of timber for its saw mills and paper mills. The programme was outlined recently in the legislature by Hon. Mr. Finlayson. The Ontario scheme is a forward step of tremendous importance to all Canada and The Financial Post has been able to make arrangements for a verbatim transcript of the minister's speech from which the following, outlining the proposal, is extracted.

After a considerable study of the forestry problem in Ontario, I submit that we should divide the province into three parts.

The first division would be the rich southern agricultural land of the province where the problem must be solved by extensive and continued re-planting of trees.

The second division of the province would be the middle lands consisting of what is called the Laurentian shield comprising large parts of the districts of Muskoka and Parry Sound, and portions of the counties of Haliburton, Victoria, Peterboro, Lennox, Addington, Frontenac, Hastings and Renfrew. In this portion of the province we propose the creation of a large forest reserve in this territory.

The third division of the province will be the great northern area comprising over 80 per cent. of the total area of Ontario. This area is so vast that reforestation by re-planting is out of the question, and I think the problem must be solved by allowing nature to regenerate the timber lands and by strengthening and extending our fire protection service.

Work on Southern Division

In the first or southern division the government propose an extensive educational campaign to teach the municipalities and the individual land owners and farmers the absolute necessity of re-planting waste lands in timber.

The value of woodlands in southern Ontario is not confined to the intrinsic value of the timber, but is extremely important in retaining moisture in the soil and in securing favorable rainfall and the prevention of destructive spring freshets in the streams and rivers of this portion of the province.

The department propose to commence a continued appeal to the farmers by way of lectures, newspaper discussion and the dissemination of literature in connection with this subject. We are particularly anxious to interest county councils and townships in extensive plantings. The municipalities can render an excellent service to the province by establishing demonstration plots throughout the province, on poor soil. The return from these plantings is an excellent investment, but entirely apart from that is the exhibition over the province of confidence in forestry and an opportunity for farmers to see how simple the operation is and also how profitable it is. In this connection a member has handed me a despatch from the city of Heitersberg, Germany, in which it is stated that the municipality has been able to remit taxes on property and business. The tax will be remitted for three years because the municipality has been able to make so much out of their own forests as to be able to meet all those expenses. The German people are giving us an excellent demonstration of the practical utility of forest ownership by municipalities.

Encourage Tree Planting

I am particularly anxious to induce the farmers of southern Ontario to go in for tree planting on the waste lands of their farms. The average farm in Ontario consists of about one hundred acres, and there are very few farms indeed where there are not ten acres of waste land, or land that is stoney, hilly, or for other reasons not readily available for cultivation; there are also courses and beds of streams and creeks and nearly every farmer could spare ten acres of this poorer land for forestation. It offers a chance for him to increase the value of his holdings with very little expense. It also improves the appearance of the property. If ten per cent. of southern Ontario was in timber it would have a marked effect on the rainfall.

(Continued on page 7)

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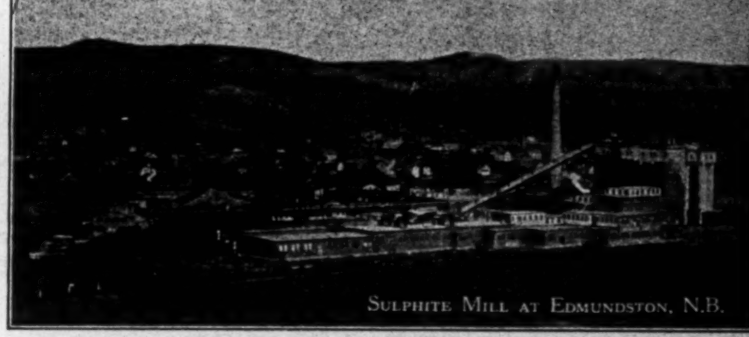

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The Laurentide Company
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Ground Wood - Sulphite Pulp
Wood Boards and Newsprint Paper
GRAND'MERE - QUEBEC

Pulp & Paper

(Continued from page 6).

ASSOCIATION IS CLOSE BETWEEN PULP AND POWER

Paper Companies Absorb Large Proportion of Total Developed Power

INTERESTS ARE ALLIED

Regular Flow of Rivers is Dependent on Proper Forestation on Watersheds

The predominant user of hydro electric energy in Canada is the pulp and paper industry. The newsprint companies alone require approximately 100 horsepower for every ton of newsprint produced daily. Thus, a newsprint plant with a capacity of 200 tons of newsprint daily will require a continuous supply of about 20,000 horsepower. The rapid expansion of the pulp and paper industry has been a large factor in the rapid development of the water powers, and while the trek of U.S. paper companies to Canada is continuing this year, it seems likely that for future expansion the power companies must look to other industrial users. Probably expansion in the pulp and paper industry will largely be confined to improvements or extensions to present properties rather than the erection of many new mills such as has characterized the past decade. While the pulp and paper industry may be said to have increased the power developments, yet the converse is also true, for new pulp and paper mills would not have located in Canada unless the proximity of the water powers to the wood supply had enabled them to manufacture paper at a lower cost than prevailed elsewhere.

Mills Develop Own Power

There are 116 pulp and paper mills in Canada and of these many operate their own water power plants. The pulp and paper mills in the Dominion have a combined capacity of some 500,000 horsepower as compared with a total of installed capacity in Canada 4,556,000 horsepower.

A number of mills which have their own power plants also purchase additional power from central stations, while still other mills which purchase all their power direct from the larger power companies. There are no figures available which show the amount of power which the pulp and paper mills purchase but it is known to be in the neighborhood of 300,000 horsepower, so that the industry as a whole uses over 800,000 horsepower or about a fifth of the total power developed.

But there is a closer association between the power companies and the pulp and paper companies than merely the sale of large blocks of power. While it is difficult to determine accurately the effect of power upon the flow of the rivers, yet there exists no doubt that the denudation of the forests by fire or unscientific lumbering operations has intensified the maximum and minimum flow of the rivers. Thus, the power and the pulp companies' best interests lie in scientific forest cutting and fire prevention.

Floods Damage Properties

Large sums of money have to be spent annually to remedy the results of spring floods in the rivers which come from basins or watersheds, from which the forest covering has been largely removed.

Three years ago, unprecedented floods occurred in Quebec and proved conclusively that on those rivers with watersheds from which the forests had been removed, the resulting damages reached many hundreds of thousands of dollars without taking into account the resulting damages caused by the dislocation of transportation facilities. In that year, in those areas with well-forested watersheds, the damages resulting from the spring floods were comparatively unimportant.

While the artificial regulation of streams by means of storage dams does offset to a considerable degree the effect of floods, it is practically impossible to reproduce the beneficial conditions which are obtained when the watersheds have a normal forest growth. Moreover, such storage dams require a large capital investment which in turn produce an increase in the cost of hydro-electric energy. Well-forested watersheds are an insurance against excessive flood damages, which are incurred by the power companies.

If the forests are protected it will mean that for the future, less money will have to be found to erect storage dams regulating the flow of the rivers. All of which means that the supply of cheap, dependable power which is now obtainable will be continued. Otherwise improper methods of forestry will result in increasing power costs and making the Dominion less attractive to industry.

Fairbanks-Morse Company Resumes Its Dividends

From Our Own Correspondent.

MONTREAL.—The Canadian Fairbanks-Morse Company has resumed dividend payments on its preference stock with the declaration of a 1½ per cent. dividend for the first quarter of the current year.

After an unbroken record of eighteen and a half years, the dividend was discontinued on January 15, 1924, due to the readjustments in the company's affairs made necessary by the expansion in war years. The dividend on the stock is cumulative, and the action of the board indicates that the shareholders can look shortly for action leading to some reduction in the amount of their arrears.

The annual report will make its appearance within two weeks, and it is expected that the income account will show a satisfactory increase in net earnings and that the balance sheet will show a bettered position.

HOW ONTARIO PROPOSES TO MAKE ITS TIMBER SUPPLY PERMANENT

(Continued from page 6)

The department will furnish three thousand, five hundred trees suitable for planting, to every land owner in the province of Ontario who applies for them. This year we have available for distribution nearly eight million trees and we hope in the next few years to increase this steadily, so that we will have double that quantity being distributed each year to the land owners of southern Ontario. During the last five years our distribution of trees to the municipalities and private owners of Ontario has run from one million to seven million trees per year.

Exempt from Taxation

In connection with the effort we propose to make to induce farmers to establish wood lots, we have submitted to the house an amendment to the Assessment Act providing that farmers are entitled to an absolute exemption from taxation on land used for forestry purposes, not exceeding ten per cent. of the farm and not exceeding in all twenty acres. It is recognized that forestry operations extend over a long period and for this reason we are anxious to give the farmer some encouragement by way of relief from taxation during the period in which the land is not producing any return.

The department wish to make a special effort to induce farmers throughout this country to plant at least ten acres of the poorer lands of their farms in timber of some kind. The following figures are a conservative estimate of the amount to be made by a farmer from a small investment in planting trees:

Cost of planting a ten acre forest plantation and its estimated yield:

Cost	
Land—10 acres at $20 per acre	$ 200
Fencing (wire, labor not included)	125
Express on trees—3,500 each year for four years, at $5	20
Planting—Furrowing with team at $1 per acre; setting out trees at $6 per acre	70
Interest on total of above items at 5% for sixty years	1,245
Total	$1,660
Yield	
Thinnings—(after twenty years these should yield at least ½ cord per acre; at forty years saw-logs would be included which would be worth more. Approximate yield after twenty years, $20 per year for thirty years gives	$ 600
Final Yield—In sixty years pine should yield at least 25,000 feet B.M. per acre, or 250,000 feet for the ten acre plot, which at $20 per thousand on the stump would be worth	$5,000
Total	$5,600
Net Yield	$3,940

Create New Forestry Reserve

In the second portion of the province to which I referred, the Laurentian Shield, we propose a very different remedy for the present unfortunate conditions. This territory was rich in probably the finest stand of white pine in America, and we have very largely exhausted this, and the government consider it necessary to adopt very strong measures. While the lumbermen were engaged in removing the pine and other valuable timber from this territory, unfortunately we allowed many settlers to locate on land that is really unsuitable for agricultural purposes. While lumbering operations were going on these settlers secured profitable employment in working for the lumbermen, both for themselves and their teams, and they were also able to erect buildings cheaply and cultivated a few favorable patches of soil. Now, the lumbering operations are over and a number of years farming has exhausted the fertility of the shallow soil, and these unfortunate people are left stranded throughout this district. They are the cause of considerable expense to the province yearly in the construction and maintenance of roads, and in yearly grants to poor schools scattered throughout this territory. It is generally recognized that these lands are unsuitable for agricultural purposes, and are only suitable for the growth of timber crop, and the department propose to deal with this double problem in a rather novel way.

We are asking by the present bill authority to set apart suitable lands in other parts of Ontario, possibly in the clay belt, and invite the settlers from these poorer lands to allow us to move them and locate them on good agricultural lands, where there is a possibility of their making an excellent living, and making a proper contribution to the growth of the province. We do not propose to use coercion or force, bus simply invite these people to accept the lands we propose to offer them and the conditions under which they will live, and if they are satisfied we will ask the house for authority to supply the necessary funds for the removal of these people, their families, chattels, cattle and effects to the new country. This is going to require a good deal of time and careful handling, and the department fully recognize the difficulties in our way, but we feel that the task should be undertaken, and if it is successful, the reward to these people and to the province at large will fully justify the difficulties and expense of the adventure.

Will be Immense Playground

Throughout this Laurentian formation we propose to get in as much land as possible in this way, and also by the surrender of licenses and the acquisition of lands by various means, and ultimately we hope to transform this territory into one huge timber reserve where the province, over a long period of years, will be able, by systematic protection, to re-establish the timber growth and to utilize this territory for the only purpose for which it seems to be intended, viz: for the growth of timber, and for the creation of an immense playground for our own people, and for our neighbors to the south.

It is difficult to estimate the period that will have to elapse before the timber on such a reservation will mature. This, of necessity, varies according to many conditions. In some places the soil is comparatively shallow and the growth will be slower; in other places the soil is favorable for timber growth and there is shelter, and in many cases there are already extensive stands of young timber, and in such cases there will be a crop within a comparatively short period, perhaps forty or fifty years. At that time it will be comparatively small, consisting of what is known as "thinnings," being timber cut out to reduce the stand and to give the other timber a better chance of development. After this there should be a steady crop from year to year until finally, after a further period, the province should be in a position to harvest a considerable crop each year, only cutting the matured timber and not more than the annual increase, so that the forest reserve, by proper protection, will continue to increase in value from year to year.

Sell Lumber Rather Than Timber

It is possible to conceive that after sixty or seventy years, when these reserves are mature, that the province might put in a saw-mill, at some convenient water power, and instead of selling timber berths might ask for tenders for so many million feet of pine or other lumber each year. If public ownership had advanced sufficiently by that time to justify such a course, there might be annual sales of sawn lumber rather than sales of standing timber.

In the third portion of the province, being the northern area, which comprises about 80 per cent. of the province, there will have to be a different method in dealing with this problem. The extent of the area makes it impossible to think of reforestation by annual plantings. The department consider that the problem will have to be solved by allowing nature to regenerate the growth of timber, with proper assistance, and more particularly with protection from fire. The fire hazard is the greatest problem that is to be met in this enormous area where means of communication by road and railway are very limited.

After a careful study of the problem we believe that the air patrol is the best means of both detection and suppression of fire throughout this enormous area. Air stations have been established throughout all this country where one or two planes are stationed. They are ready at the call of the district forester at all times. The service has been found to be very efficient and the results have been extremely encouraging. It is the intention of the department to extend and strengthen this service from time to time, and we will have to ask the legislature for increased grants for this purpose. But, having regard to the extent of the territory and wealth of timber of all sorts, and the increasing revenues from pulpwood production in this part of the province, we feel that the legislature will cheerfully grant the supplies necessary for an adequate fire protection service.

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MONTREAL TORONTO WINNIPEG VANCOUVER

Public Utilities

CUT IN DIVIDEND OF TWIN CITY CO. WAS UNEXPECTED

Earnings in January 22 Per Cent. Above the Same Month of 1926

Reduction of 1 per cent. in the dividend rate on Twin City Rapid Transit common came as a complete surprise in the Toronto market. The common was on a 5 per cent. basis all through 1926 and it was felt certain that this rate would be continued in 1927, with the possibility of even better returns in 1928 if the improvement in earnings continued throughout the year.

It is known that the net earnings of Twin City were 22 per cent. better in January, 1927, than in January, 1926. This makes the action of the directors all the more puzzling.

The company is the object of political attacks in Minneapolis and St. Paul. The city authorities have petitioned the state legislature for a repeal of the law which placed the supervision of the transit companies in the hands of the railroad and warehouse commission of the state. Repeal of this law would give the civic authorities control of rates and service.

May Get it Later

It is thought probable that, assuming there is no serious diminishing in earnings, the 1 per cent. will be paid as an extra in the last quarter of the year.

Aside from the political situation in Minnesota, the position of Twin City is considered brighter than it has been for a number of years. The service the company is giving is reported to be good and to have won a measure of goodwill among the public except the classes influenced by local politicians of the destructive type. The company has bettered its earning power considerably by entering the omnibus field and by operating taxicabs which were acquired by purchase from several taxicab companies.

CANADIAN LIGHT CO. REPORT IS ISSUED

First Statement Since Capital Reconstruction — Earnings Fair

From Our Own Correspondent.

MONTREAL.—The annual report of the Canadian Light and Power Company for the 1926 fiscal year shows that after meeting all charges the company was able to transfer to sinking fund reserve $32,997. The income account and liquid position figures for the year follow:

Gross Income	$313,404
Operating	97,176
Bond Interest	164,512
	$ 51,716
To Depreciation	18,719
To Sinking Fund Res.	32,997

Working Capital

Current Assets	$141,129
Current Liabilities	153,671
Working Capital (deficit)	$ 12,542

The President's Remarks

In his remarks to shareholders, Julian C. Smith, the president, states in part as follows:

"This is the first annual report submitted to the shareholders since the taking over of the management of the company by the present board in July, 1924. In July, 1925, the interest on the bonds was defaulted, and immediately thereafter a bondholders' protective committee was formed and this committee, in association with your directors, agreed on a reorganization plan, with which you are already familiar. This plan was ratified at a meeting of the bondholders held in January, 1926. The accounts now submitted are for the period of operation since that date.

"Immediately after taking office in 1924 your directors had reports prepared by independent engineers, looking to the better utilization of the present development. These reports show that some of the units were considerably below standard in efficiency and it was decided early in the present year to replace one of the original units, and this work was undertaken last fall. Satisfactory progress has been made and the new unit will be in operation shortly. Considerable repairs to the plants of the company have also been carried out and as a result of these expenditures and betterments your directors feel assured of improved operating conditions, with resulting benefits to the company."

Regent Knitting Mills Has Successful Year

From Our Own Correspondent.

MONTREAL.—The annual report of the Regent Knitting Mills for the 1926 fiscal year shows that the period was a successful one for the company. Sales amounted to $2,057,392, an increase over 1925 of $226,722. Earnings available for the payment of interest on the outstanding bonds are $250,774, an increase over 1925 of $33,290. Earnings are equal to more than 6½ times interest requirements on the $580,000 bonds outstanding.

After providing for bond interest, cost of financing, and after having carried to depreciation account the sum of $89,396, net profits amounted to $116,648. This amount has been carried to the profit and loss account, which now stands at $590,752.

The total assets of the company are now $3,135,598, an increase over 1925 of $61,772. That the company is in a strong liquid position is evidenced by the fact that current liabilities are only $291,152 against current assets of $959,786, leaving the working capital at $668,634. Net assets, after deducting all liabilities excepting bonds outstanding are $2,844,446.

Capital and surplus as well as reserve for depreciation and bad debts as at December 31, 1926, stand at $2,268,946.17.

Durant Report Will Be Published March 22nd

Annual report of Durant Co. of Canada will be available for publication on Tuesday, March 22nd, the date of the annual meeting.

It is said that the results for 1926 have been highly satisfactory and that the cash position of the company is excellent. No dividend is probable on the stock, however, in the immediate future.

MEXICAN LIGHT DOES BETTER, SAYS MR. LASH

But Tramways Faces Serious Competition From Jitneys; Interviews Calles

Miller Lash, K.C., chairman of the board of directors of Mexican Light and Power Co., and Mexico Tramways Co., has just returned from Mexico City. Mr. Lash was accompanied by Walker Gow, K.C., who is a director of both companies. In an interview, Mr. Lash said: "During out visit we were very glad to see what conditions were like in the federal district of Mexico, and in the states of Hidalgo, Mexico, Michoacan and Puebla. We were very much impressed with the tranquility of these states and noted the enormous improvement in the main highways radiating from Mexico City. These include a magnificent highway from Mexico City to the City of Puebla, a distance of about eighty miles, and it is one of the most impressive scenic automobile roads we have ever seen. A new highway has also been constructed combining the City of Mexico with the important mining town of Pachuca. The policy of road-building and opening up hitherto inaccessible districts has been prosecuted energetically by the present Government.

"Our interview with President Calles was one of great cordiality.

Irrigation Program

"In connection with the government's irrigation program the company have entered into an agreement with the government for the building of a large dam in the state of Michoacan for the development of electric energy. This dam would impound 500,000,000 cubic metres of water, and after passing the power house near the dam where the company will eventually instal 100,000 h.p., the water passes down the River Lerma, and will be used by the Government for the irrigation of large fertile tracts of agricultural land in the states of Michoacan and Guanajuato. The combined areas which will be irrigated amount to about 95,000 acres. The President is taking a very active and personal interest in this work and the company hopes to have the dam completed and inaugurated during his term of office.

"We found all our Mexican properties in excellent condition and the light and power company, in spite of the economic setback of the last twelve months, shows a progress very satisfactory, a progress, though, demanding more and more the introduction of fresh capital to maintain the properties in first-class condition and to keep pace with the growing demands for hydro-electric energy.

"The Tramways Company problem is more serious, owing to the competition of innumerable 'jitneys.' The Company, though, has just inaugurated a new system of fares and weekly 'abonos' which it is hoped may have some effect in improving the conditions in that company."

Commercial Failures Held Down by Better Business

In line with the general improvement in business, commercial failures during the first month of the current year show little change from the corresponding month of the previous year and in comparison with January, 1925 and 1924, a considerable improvement is recorded. Failures in January, 1927, totalled 191, as compared with 184, 270 and 291 in the same month of each preceding three years. Liabilities, however, were larger, while at the same time assets are also greater.

Trading companies led the list of failures in January last, numbering 88. Manufacturers were next on the list with 45 failures, followed by agricultural companies with 15; loggers, 2; construction, 7; transportation, 5; service, 23; and not classified, 6.

Ontario recorded the greatest number of bankruptcies, followed by Quebec, with 66; Alberta, 19; Manitoba and British Columbia, 10 each; New Brunswick, 6; Nova Scotia and Saskatchewan, 4 each. Prince Edward Island had no failures during the month.

Windsor Hotel Said to Have Had Good Year

From Our Own Correspondent.

MONTREAL. — The annual general meeting of the shareholders of the Windsor Hotel was held this week. It is understood that the report submitted showed a marked increase in the business as compared with the 1925 year. The New York directors attended the meeting.

The following directors and officers were elected for the current year: Senator Donat Raymond, president; P. Alderic Raymond, vice-president and secretary-treasurer; D. B. Mulligan, managing-director; L. M. Boomer, F. V. duPont, L. L. Dunham, S. McNamara, Senator J. M. Wilson, L. H. Timmins and John S. Archibald.

Public Utility Earnings

Barcelona Traction

January—	1927	1926	Change
	Pesetas		
Gross earn.	8,104,130	8,111,951—	7,821
Oper. exp.	2,172,829	2,236,039—	63,210
Net earn.	5,931,301	5,875,912+	55,389

Jamaica Public Service

December—	1926	1925
Gross Earnings	62,106	60,151
Net Earnings	26,876	26,457
Surp. After Charges	20,730	20,146
12 Mos. End. Dec. 31—	1926	1925
Gross Earnings	652,104	625,275
Net Earnings	255,387	266,114
Surp. After Chgs.	180,781	156,936

Jamaica Public Service

January	1927	1926
Gross earnings	$ 63,620	$ 56,790
Net earnings	29,900	22,724
Surplus after charges	23,747	16,477
12 months end. Jan. 31.	1927	1926
Gross earnings	$658,934	$627,841
Net Earnings	262,563	237,185
Surplus after charges	188,051	158,581

Brazilian Traction

January—	1927	1926	Change
Gross	$2,975,801	$3,163,670—	$187,869
Expenses	1,300,872	1,371,382—	70,510
Net	1,674,929	1,792,278—	117,359

A summary of the earnings record for the past twelve months, together with comparisons, is as follows:

1926	Gross	Net	Net Inc.
Feb.	$2,893,557	$1,678,787	$394,445
March	3,077,791	1,763,343	417,416
April	3 021,732	1,715,372	467,494
May	3,381,959	1,950,677	628,463
June	3,487,237	2,037,453	687,008
July	3,531,663	1,990,806	600,016
August	3 476,995	1,962,354	376,624
Sept.	3,412,431	1,911,351	297,063
Oct.	3,200,476	1,782,954	97,211
Nov.	3,001,416	1,659,151	105,113
Dec.	2,953,964	1,456,192	x258,226
1927.			
Jan.	2,975,801	1,674,929	x117,359

xDecrease.

ADVISES BRITISH CAPITAL TO LOOK TOWARDS CANADA

McGill Professor Belittles Recent Attack of Emil Davies

Prof. R. R. Thomson, Professor of Accounting in the School of Commerce of McGill University, has addressed the following letter to The Financial Post:

I was much interested to read the extract, which you published in your issue of February 25th, from a book shortly to be published by the A. W. Shaw Company, of Chicago, and written by A. Emil Davies, financial editor of the New Statesman, London. Apparently it is intended to give American foreign investors the benefits of British experiences, and dismisses Canada and Australia with brief and unpleasant words, whilst Russia is held out as being probably the biggest and most profitable investment field for the next 50 years.

This is not surprising, when one knows of the mildly Red Socialistic, and "Little England" politics of the New Statesman. It certainly does not represent the opinion of the public, or of the press of the British Isles. Canadians should take it at its true value, and should disregard it.

I have recently had a series of articles in the Morning Post, London, appealing for British capital for Canada, and have good reason to believe that there is a large and increasing sentiment in the British Isles towards investment in Canada. I followed up those articles with a letter addressed to various newspapers throughout the British Isles, a copy of which I enclose. Its object was to show the many means there are of safeguarding investment in Canada. This letter has already appeared in fourteen newspapers, the Morning Post, Observer, Financial News, Financial Times, Journal of Commerce, Daily Despatch, Glasgow Herald, South Wales News, Belfast News Letter, Dundee Courier, Accountant, and others. Several of them added special editorials, advocating the cause of Canada, that of the Financial News being especially striking. I have still to hear from many more newspapers.

To judge from the favorable reception these letters have received, I should say that we only have to offer the British investor reasonable security for his money, a reasonable business risk, and a reasonable probability of return, and that he will respond.

The letter, to which Prof. Thomson refers and which appeared in British newspapers over his signature is as follows:

Canada has immense wealth in her water-power, mines, forests, etc. Many are coming to realize that if Canada is developed industrially by British capital, it will mean employment for a large portion of the surplus workers of the British Isles. There will be a demand in Canada for the very men the Old Country can supply—men who are ready trained, and now on unemployment relief.

Canadians, both English and French-speaking, want to see British capital developing Canada, and most especially do they want to see it safely invested. Canadians are very wishful for British investors to make proper inquiries through their own bankers before they invest money in Canada, as nothing is more detrimental to the permanent welfare of a country than that capital invested in it should be lost.

I beg to submit that British investors should obtain their information from institutions having a definite interest in the safety of capital invested in Canada. The Imperial Government has its Department of Overseas Trade, with its efficient trade commissioners abroad, and the Dominion and Provincial Governments have excellent special departments and offices in London. More especially, however, would I call attention to the great Canadian banks and railway systems, because they are feeling the pulse of Canadian commerce daily. Very few people lose money by waiting to make proper inquiries into an investment.

The following have offices in London, and any of them can obtain reliable information for the investor, whether he is a manufacturer considering the erection of a branch factory in Canada or the possible purchaser of Canadian stocks or bonds:—

Bank of Montreal, Royal Bank of Canada, Canadian Bank of Commerce, Bank of Nova Scotia, Dominion Bank, Canadian Pacific Railway, Canadian National Railway.

These banks can, and will, obtain for other banks, or for people well known to them, a candid opinion of practically any concern or individual, foreign or domestic, engaged in Canadian commerce. When enquiries are made as to the antecedents of company promoters, the result is sometimes reassuring, and sometimes it acts as a valuable warning. Some concerns can supply especially good information in certain directions. The C.P.R., three-fourths of whose capital is in British or Canadian hands, has a staff of experts always available to report on mineral deposits. And so on. Space forbids a complete list, but inquiry can easily be made about any special line of information. Nearly all of this information can be obtained free. These Canadian concerns realize that it is in their best interest to have British capital properly invested in Canada.

The possibilities of sound investment in Canada are truly immense. There are many reliable Canadian firms of stockbrokers who set themselves out to give sound advice. I suggest that British investors who wish to share in the prosperity coming to Canada, and who wish to help in the development of Canada by British capital, should get in touch with reliable Canadian firms of stockbrokers. This can be done through good British firms, or through one of the Canadian banks. Those in doubt should ask their bankers to inquire through a Canadian bank.

May I also suggest that the British capitalist who is considering the erection of a new plant should ask his banker to make inquiries through Canadian banks and the development departments of the C.P.R. and C.N.R., and consider Canadian possibilities. American capitalists are doing so, and are finding it is to their advantage to invest millions in Canada, having in view the huge export trade of Canadian manufactured goods, which is developing. Canadians are doing their part to try to avoid some of the mistakes which have been made in the past, and they want British capitalists and investors to avail themselves of the facilities provided for this purpose. They want to see Canada being developed by British capital, so that employment may be provided for British men under the British flag.

T. A. McAULEY,
President of Arnold Brothers, which firm has acquired chain store system of A. Martin, Limited.

ENGINEERING CO. PROFITS ARE UP BY 15 PER CENT.

Dom. Engineering Works Turns Out Gratifying Balance Sheet

From Our Own Correspondent.

MONTREAL.—The annual report of the Dominion Engineering Works for the 1926 fiscal year proved gratifying to the shareholders and explains, too, the recent strength in the shares of the parent company, the Dominion Bridge Company.

During the year, the net profits experienced an increase of over 150 per cent. and the working capital increased by 100 per cent. The following figures compare the income and working capital accounts during the past two years:

	1926	1925
xProfit	$758,646	$343,502
Depreciation	198,674	134,123
Balance	$559,971	$209,378
†Inc. tax, etc.	15,001	....
Balance	$544,969	$209,378
Add deprec.	48,068	17,267
Net	$496,901	$1$92,111
Dividends	133,998	....
Surplus	$362,903	$192,111
Prev. surp.	249,097	56,986
P. & L. Bal.	$612,001	$249,097
Earned on stk.	22.25 p.c.	8.64 p.c.

xAfter income tax and other contingencies.
†Income tax for 1925 and other contingencies.

The Working Capital Position

	1926	1925
Curr. Assets	$2,004,858	$863,441
Cur. Liabs.	1,030,064	329,037
Work. Cap.	$974,794	$534,404

Balance Sheet Figures

The balance sheet is in every way as satisfactory an exhibit as the income account. Property account is carried on the books at $2,934,356—a decline of over $650,000 from last year. In addition, for the first time the balance sheet shows investments in Government bonds of $500,000 and call loans of $560,000. Work in progress stands at $158,988 as compared with $93,331 last year.

In the liabilities, the depreciation reserve which last year stood at $630,000 has apparently been deducted from the plant account. Surplus now stands at $612,000 as revealed in the foregoing income account figures and contingent reserve account has increased from $72,000 to $150,000.

In his report to the shareholders, G. H. Duggan, the president, says in part:

"The volume of new business entered and of work completed has been much in excess of any previous year, and in most departments the plant has been worked to full capacity.

"In order to execute the large quantity of work, considerable additions to the manufacturing facilities have been necessary. The manufacturing area of the shops has been increased by converting the building put up for storage into machining space and removing the carpenter shop to a new building provided for that department.

"The general foundry and machining equipment have been added to and much improved.

The Principal Contracts

"The principal contracts under construction in the shops during the year were as follows:

HYDRAULIC DEPARTMENT

2—12,000 h.p. turbines, 60 ft. head, for Abitibi Electric Development Co. at Islands Falls, Ont.

2—11,100 h.p. turbines, 146 ft. head, for Shawinigan Water & Power Co., at St. Narcisse, Que.

1—28,000 h.p. turbine, 56 ft. head, for Manitoba Power Co., at Grand Falls, Man.

4—34,000 h.p. turbines, 93 ft. head, with the embedded parts of a fifth unit for Canadian International Paper Co., at Chelsea, Que.

4—24,000 h.p. turbines, 66 ft. head, with the embedded parts of a fifth unit for Canadian International Paper Co., at Farmers' Rapids, Que.

2—1,100 h.p. turbines, 22 ft. head, for Sherbrooke Land & Water Power Co., at Sherbrooke, Que.

1—2,300 h.p. turbine, 46 ft. head, for Quebec-Southern Power Corporation, at Rawdon, Que.

Also, miscellaneous small turbines and replacements.

PAPER MACHINERY

4—270 in. newsprint machines for Canadian International Paper Co. at East Templeton, Que.

2—160 in. newsprint machines for St. Lawrence Paper Mills, at Three Rivers, Que.

2—234 in. newsprint machines for Ste. Anne Paper Co., at Beaupre, Que.

Reconstruction of existing machines, suction rolls and miscellaneous paper machinery parts.

ELECTRIC STEAM GENERATORS

1—8,000 k.w. for Aluminum Company of Canada, at Arvida, Que.

1—12,000 k.w. for Canadian International Paper Co., at Three Rivers, Que.

2—15,000 k.w. for Manitoba Paper Co., at Pine Falls, Man.

1—750 k.w. for Canadian Paperboard Co., at Campbellford, Ont.

1—500 k.w. for Canadian Light, Heat & Power Co., at St. Timothee, Que.

1—21,000 k.w. for Canadian International Paper Co., at East Templeton, Que.

3—42,000 k.w for Canadian International Paper Co., at East Templeton, Que.

1—35 000 k.w. for Port Alfred Pulp & Paper Co., at Port Alfred, Que.

RAILWAY EARNINGS

Canadian Pacific

Week end.	1927	1926	Change
Feb. 28	$3,370,000	$3,102,000+	$268,000

Canadian National

Week end.	1927	1926	Change
Feb. 28	$4,922,139	$4,766,862+	$155,276

Economist Who Slated Canada in Book Thinks We Have Turned Corner

Subsequent editions of "Investments Abroad," by A. Emil Davies, financial editor of the New Statesman, London, may not contain the attack on Canada appearing in the first edition, published by A. W. Shaw Company, of Chicago. The publishers are taking up with the author the question of revising the work. Mr. Davies himself now expresses his faith in Canada and thinks it has "turned the corner."

Mr. Davies' book is to be published by the A. W. Shaw Company, of Chicago, and excerpts from proof pages were published in The Financial Post last week. The reference to Canada reads:

"Fast becoming an economic annex to the United States. Burdened by excessive war debt. Apart from government and municipal loans, has not been a very profitable field for the British investor, who has lost millions through inflated land values."

Protest to Publishers

The Financial Post protested to the publishers against publication of this unqualified statement, which made no reference to the large profits made by investment of capital in Canada and which would leave an unfavorable and unfair impression on readers.

Thomas S. Rockwell, vice-president and director of book publications of the Shaw Company replied in words that indicated the possibility that subsequent editions of the book will correct Mr. Davies' statement. Mr. Rockwell said:

Floyd S. Chalmers, Managing Editor,
The Financial Post, Toronto.
Dear Sir:

In the absence of Mr. Shaw, your telegram regarding the reference to Canada on page 187 of our book "Investments Abroad" has been referred to me for reply.

First, let me thank you for bringing this matter to our attention. As publishers, of course, we do not assume responsibility for the statements of our authors but we are always pleased to have such matters to which you refer brought to our attention. In the present case, I have already forwarded your telegram to the author and have asked him to take into consideration the points you raise when the next edition of his book is put through.

You can depend upon us to keep the matter in mind ourselves and to keep it before the author.

Sincerely yours,
Thomas S. Rockwell,
Vice-president and director,
Book publications.

The Toronto Star had last week a copyright radio dispatch from its London staff reporter, Henry Somerville, reporting an interview with Davies apparently based on the quotations made by The Post. The dispatch stated:

"'I deliberately adopted', he told the writer, 'a critical attitude to all countries. You will see that I am not complimentary to Great Britain. I am not hostile to Canada and in the controversy regarding the Grand Trunk shareholders have always upheld the Canadian government's viewpoint in the British press, but I cannot forget the huge losses British investors have incurred in Canadian investments.'

"Davies rattled off a list of companies, mainly land and lumber, which had proved disastrous to British investors in pre-war days.

"'I consider that Canada has now turned the corner,' he continued. 'Confidence will be restored, though I deplore the class of company promoters Canada has exported to this country of late years. They are men who enter politics and finance in the mother country and they don't enhance Canadian prestige.'

"Davies said he had exempted the Canadian government and municipal loans from his criticism. He referred to the millions lost through inflated land values. The Star suggested that a list of successful companies could be quoted against his list of failures. Davies replied that though money had been made in land booms, it had been made by promoters, not by British investors.

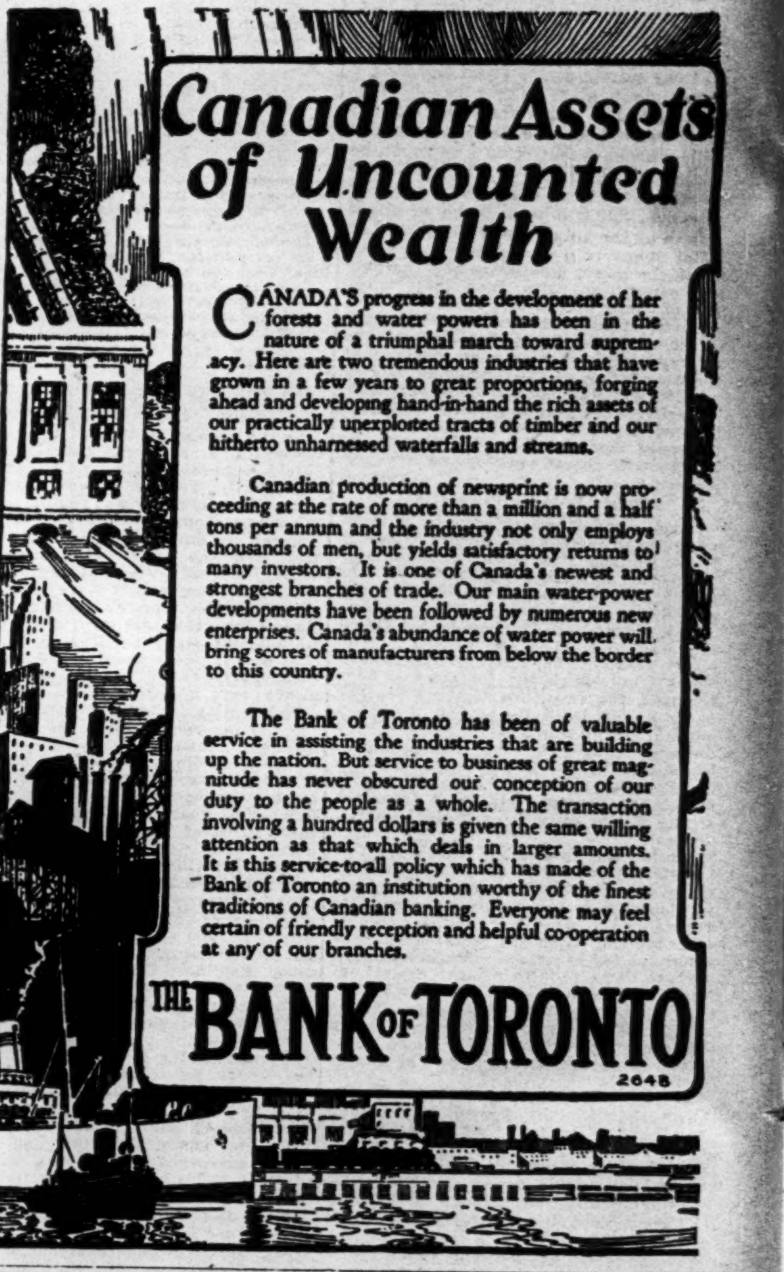
"Davies is visiting Toronto in April."

Columbia Life Will Have Million Capital

After reducing the capitalization of the company from $2,000,000 to $1,000,000, the banking committee of the Federal house of commons have granted a charter to the Columbia Life Assurance Company, with head office in Vancouver. G. D. Finlayson, superintendent of insurance, objected to the higher capitalization on the grounds that twenty out of the twenty-eight companies operate with a capital of one million dollars and that it was in the interests of the policyholders that the lower capitalization should govern. A clause which provided that there should not be more than two calls on stock subscription during the year was also eliminated on the suggestion of Mr. Finlayson. The directorate of the company is composed largely of prominent Vancouver citizens, and the bill of incorporation was sponsored in the house by Hon. H. H. Stevens.

W. McL. Clarke Ill

W. McL. Clarke, executive secretary of the Dominion Board of Trade, has been ill with pneumonia at Sault Ste. Marie. He was taken sick there a little over a week ago, but is making good progress towards recovery.



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ENORMOUS PROFIT ON SASKATCHEWAN ELEVATOR SHARES

Completed Deal Gives $156 For Some $7.50 Shares

USED PROVINCIAL CASH

Big Profits Made Were Due to Co-operative Running in Cheap Money Loaned by Government

From Our Own Correspondent.

REGINA.—Sale of the elevator system of the Saskatchewan Co-operative Elevator Company to the Provincial Wheat Pool is now a "fait accompli." The sale transaction was completed last August but it took some time before the affairs of the company could be wound up.

Shareholders, at the winding up meeting, must have had a feeling that the sale to the pool had killed the goose that laid the golden eggs. The total profits of the company for its last year of operation amounted, before payment of income tax, to just over one million dollars or over 40 per cent. of the paid up capital stock of the company and considerably more that 100 per cent. of the actual investment of farmers, which amounted to only $794,197.

Some Got $156 a Share

A still more remarkable showing is made on the total capital assets of the company. These were sold for $3,308,000 more than they were carried at in the balance sheet of the company, or for a total net amount just over $9,000,000. Deducting from this the total paid up capital of the company, which was just under two and a half million dollars, there is a total of $6,630,650 in excess of paid up capital to be distributed to shareholders. Owing to the special nature of the company distribution of these assets is not being made on a uniform basis but the shares issued in the early years are receiving the major portion of the increase in value. According to the basis of distribution authorized by a special act of legislature, the shares issued in the first year of the company's operation were calculated to be worth $155.84 and those issued in the last two years $27.82 each. This is a pretty handsome profit considering that $7.50 was all that any farmer ever paid the company for one of these shares.

This distribution is to be made among 27,000 farmer shareholders, none of whom, according to the constitution of the company, have been allowed to hold more than twenty shares.

Traded in Government Funds

The Saskatchewan Co-operative Elevator Company, when it went out of business, had a magnificent system of elevators and it had been most capably managed. In addition, it had received a remarkable degree of support and patronage from the farmers of the province. Even those facts, however, would not of themselves account for the amazing reproductive powers of the money invested by farmers. The fact is that the company was not mainly financed on the investment of its shareholders, but on loans from the Saskatchewan government. When the company was first organized, shares were given a par value of $50 each and only 15 per cent. of the value of each share, or $7.50, was required to be paid in cash. The government of the province lent to the company the balance of the unpaid value, 85 per cent., or $42.50 on each share, and the uncalled balance was pledged to the government as security for such loans. From year to year, as profits accumulated, they were applied in part as stock bonuses. The first shares issued had become paid up to the amount of $42 each, while those issued in 1923-24 had received a stock bonus of $2.50 only and those issued since that time had not increased in paid up value. The principle followed was out of the profits of any one year to pay an 8 per cent. cash dividend on the paid up value of shares then outstanding. Of the balance, half was applied as a stock bonus and the other half was placed in an elevator reserve which was especially secured to the Saskatchewan government against outstanding loans.

When the company went out of business, it owed the Saskatchewan government a total of $2,336,743. At one time its government loans were in excess of $4,000,000, but these were reduced, as in later years the company was able to conduct its financing in part out of accumulated reserves.

Much Speculation in Shares

As soon as the shareholders' meeting last April authorized the company to sell out its elevator system to the Saskatchewan pool, a number of persons and companies who had some idea of the real value of shares began to buy them up from holders and a total of about four thousand shares out of 105,893 shares outstanding changed hands. A great variety of prices were paid, depending upon the shareholder's eagerness for money and his knowledge of prospective values. Generally speaking, 30 per cent. in excess of the paid up value was the average price. Under the constitution of the company, only "agriculturists" in Saskatchewan might have shares transferred or assigned to them and the limit of holding of any shareholder was twenty shares. Those who purchased, therefore, ran the risk of not being able to get shares transferred to them on the books of the company. They supposed they were getting around this difficulty by having the vendor give them not only a transfer of the shares but also an assignment of all proceeds of the realization of such shares in the liquidation of the company. Great was the disappointment, therefore, of these purchasers to find in the bill brought down by Premier J. G. Gardiner in the legislature of Saskatchewan for the liquidation of the company, that no recognition was allowed to such assignments.

As first introduced, the bill provided that no one who had bought such shares or had the proceeds assigned to him could collect anything from the liquidator and was left only with the right of action against the shareholder for a recovery of the money paid. Before it went through it was amended to give such purchasers a lien on the value of shares to the extent of the consideration paid therefor.

This part of the act, the premier explained, was intended to protect the persons who had, in the ignorance of the real value of their shares, parted from them at less than their real value, and many harsh things were said against "speculators" for the misrepresentation which they had used in getting possession of these shares. Those who sold their shares, however, may find this protection much less than they now expect because many of the purchasers, through ownership or other interests in farm lands, will be able to qualify as "agriculturists" and for the excess over twenty shares which they hold, may be able to nominate members of their families or other persons who can qualify to hold them. There was much indignation in the city of Regina when the provisions of the bill were made known and Mr. McNiven, government member for that city, attacked it vigorously in the house. It was generally charged that such interference with the transfer of property and with transactions completed would be construed in financial circles as indicating a tendency to attack vested interests and interfere with the operation of ordinary laws of the country. These attacks, the premier rebutted by pointing out that the bill was simply carrying into the liquidation of the company the same principles and rules that had applied to the company as a going concern. Just as in the life time of the company, unqualified persons might not acquire shares nor anyone hold in excess of twenty shares, the same principle would apply while the company was being liquidated. The annual meeting of the company forwarded to the government a request that restriction of trading be removed after the appointing of a liquidator, in order that those who desire to realize at once upon their shares, before completion of liquidation, might find an open market. This was refused by the government on the ground that the principle above stated was to be carried out fully.

Price Was $11,000,000

The total purchase price, fixed by arbitration, which the Saskatchewan Pool is to pay for the elevator system of the Saskatchewan Co-operative Elevator Co. is $11,059,310. Of this $2,000,000 has been paid in cash and $2,091,565 by the assumption of mortgages to the Saskatchewan government. That leaves a balance of almost $7,000,000 yet to be paid, which carries interest at 6 per cent., with annual payments not less than $1,000,000 and the privilege of paying off additional amounts in part or in full at any time.

The pool sent to the annual meeting a suggestion that they might be able to pay the whole amount in cash on Aug. 1, if allowed a discount of 10 per cent. from the amount then due. The meeting debated the suggestion hotly and finally approved it by a vote of 231 to 138. That vote has no binding significance and it will be a matter for the court to decide upon application of the liquidator, whether or not such cash discount is to be allowed.

New Vickers' Financing Not All Arranged Yet

From Our Own Correspondent.

MONTREAL. — It has not been definitely decided yet what form the financing accompanying the purchase of the Canadian Vickers, Limited, by the Canadian syndicate will take. It may be some time yet before a public offering of securities will be made. The company has been acquired by a syndicate headed by James Playfair, and including James A. Richardson, Senator Donat Raymond, Noah A. Timmins, Victor M. Drury, and Frank M. Ross. It is understood that the plant was put up by the original parent company at a cost of about $9,000,000.

The outlook for the property seems to be fairly satisfactory. The plant can undertake shipbuilding or repairing; it has a well-equipped structural steel department and is the only aeroplane plant in Canada. At the present time it has orders on hand for twenty aeroplanes, and it is understood that there should be considerable activity in this last branch of the company's operations, for the budget provided for an expenditure of $3,000,000 on aviation.

It is understood that the government intends to expand aviation in Canada and more aeroplanes will be used, not only for forestry, but also for post office work, and no doubt the air force will also be increased somewhat. No doubt, Canadian Vickers will benefit materially through the increasing aviation activities of the federal government.

Zurich Insurance Appointment

Hedley C. Wright, manager for Canada of the Zurich General Accident and Liability Insurance Company, announces the appointment of Neville Pilling as general superintendent for Canada. Mr. Pilling has hitherto held the position of underwriter at the company's Canadian head office in Toronto.

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Promoters of Elevator for Kamloops Promise Big Profits to Owners

Organization Fee is 25 Per Cent. of Sum to be Raised by Promoters of This Co-operative Enterprise

A new co-operative effort is being laid before grain growers in Alberta.

An Edmonton firm of investment agents are the promoters. They propose to construct an elevator at Kamloops, B.C., which will operate on the co-operative principle, with the shareholders shipping their own grain to it and sharing in profits to be derived from shipments of other farmers' grain.

It is proposed to get a Dominion charter for a company capitalized at $1,000,000 with shares of the par value of $100. For the present it is intended that $700,000 of these shares be issued, and that only one-fifth of the individual's subscription be paid at first, plus $5 a share for "organization expenses."

Promoters Get 25 Per Cent.

This will give the company an unimpaired capital of $140,000, and it will give the promoters $35,000 for their trouble. Twenty-five per cent. thus is the cost of raising the capital.

Of the $140,000 which would go into the company's treasury (aside from the $35,000 which would go to the promoters) it is proposed to build an elevator with $60,000, equip it with modern milling machinery for $45,000 and leave $35,000 left over for working capital.

Thus it appears a modest enterprise. But elsewhere in the circular it is stated that the elevator will be capable of handling "a minimum" of 1,500,000 bushels of grain per year or season. This would be ten times the capacity of the elevator.

See No Risk in Grain!

It also is asserted that "legitimately carried on, the grain buiness offers positively no risk of loss." But a little later it is remarked that estimates of revenue from handling charges "take no account of the immense direct profits possible on the grain bought by the company outright." In other words, the company would buy grain for resale at higher prices. Can there be "absolutely no risk of loss" in grain speculation?

The all-too-rosy forecast of the operations is shown otherwise by guesses as to what profits there may be in the sale of by-products. Screenings are the most important of these. The government allowance for shrinkage of from 30 to 60 pounds per car will, according to this circular, net in the course of a year something like 9,000 tons of screenings. This means that 300,000 cars of grain would be handled at this little elevator.

Another way in which the company is to make money is to raise the grade of low-priced grains by mixing. This mixing means the injection of higher-grade grains. Will not the net result be approximately the same, not counting the cost of mixing?

Why Kamloops?

And why locate a grain elevator at Kamloops, B.C., which is neither a seaport nor a lakeport? The grain will have to be shipped to tidewater to get to market and there be elevated again. Once it is on the cars at Alberta sidings will it not be cheaper to ship it through to lake or sea rather than unload it for handling and mixing at Kamloops?

After the original subscriber has paid $20 on his $100 share he will be liable to call for the balance at the rate of 10 per cent. per year. But the prospectus holds out the promise that the balance will be paid up out of earnings, by way of stock dividends. Profits are estimated at $42,000 annually.

Shareholders in Saskatchewan Co-operative Elevator Company made enormous profits. But this was because they operated on an extensive scale, and were financed almost entirely by the Saskatchewan government. Using the government's credit to an extent to which they would not have dared to pledge their own, they traded on a very small equity. The government took the biggest risk and the shareholders took all the profits. In the present instance all the capital is apparently to come from the shareholders.

Canadian Paperboard Co. May Build in Toronto

From Our Own Correspondent.

MONTREAL. — It is understood that the Canadian Paperboard Company is considering the erection of a paperboard mill in or about the city of Toronto. The officials of the company have inspected several cities in the territory but no announcement has been made regarding just how far negotiations have gone. It is thought that the management has not yet arrived at a definite decision on the matter.

Dividend Cut When Loan Rate Declines

Saskatchewan Loan and Investment Company, of Moose Jaw, reports a decline in profits for 1926. A decline in the interest rate on mortgages around Moose Jaw to 7 per cent., made it necessary to reduce the dividend rate to 7 per cent.

Comparative earning figures follow:

Profit and Loss

	1926	1925	1924
Earnings	$26,938	$28,228	$29,163
Expenses	4,946	4,858	4,823
Income tax	1,589	2,105	2,060
Writ. off mtge.	......	1,724	......
	6,535	8,687	6,893
Net profits	$20,403	$19,541	$22,270
Def. profits	......	947	......
Pay. on stock	......	604	......
	$20,403	$21,092	$22,270
Dividends	19,553	22,508	22,319
Balance	$ 850	x$ 1,416	x$ 49
Prev. bal.	9,419	10,826	10,875
P. & L. bal.	$10,260	$ 9,410	$10,826

x Debit.

In order to accommodate the growing agency staff, the North American Life district office in Hamilton, under the managership of Fred C. Walls, has taken more spacious quarters at 401 Terminal Bldg.

Manitoba Power Company to Sell Power Sooner

From Our Own Correspondent.

MONTREAL. — The contract between the Winnipeg Hydro and the Manitoba Power Company calls for the delivery of 30,000 horsepower commencing September, 1928, but the demand for power from the civic plant has increased out of proportion to the estimates made at the time the contract was closed with the private company. Thus the Manitoba Power Company will commence delivering power to the Hydro a year earlier than was anticipated.

The Winnipeg Electric Company owns some 62 per cent. of the shares of the Manitoba Power so that the generally improving situation surrounding the operations of the subsidiary must make themselves felt in the parent company.

During the month of January the gross and net earnings and the operating expenses of the Winnipeg Electric Company show an increase as compared with January of last year. The increase in the gross amounted to $40,566 and the increase in the net to $15,014. The operating expenses of the company's gas service declined during the month, but due to the general broadening of the electric and tramways services, operating expenses in these departments increased.

Dominion Glass Strength Due to Manipulation?

From Our Own Correspondent.

MONTREAL.—The shares of the Dominion Glass Company continue to show strength but there is no real news to account for the renewal of interest in the issue. Rumors have been revived regarding possible arrangements which might be made with the Owens Bottle Company of the U.S. Some time ago Dominion Glass entered negotiations with this company but later it was understood that these had been discontinued—at least for the time being. It is known that the business of the company is showing an improvement and that earnings are sufficient to ensure the 7 per cent. dividend. Some usually well informed investors attribute the entire strength in the issue to the operation of a pool.

MASSEY-HARRIS

A Complete ANALYTICAL REPORT on the position of the above Company has been prepared. Copies obtainable on request.

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TORONTO, MARCH 11, 1927

WEBSTER AND HIS FRIENDS

SHARES of the Montreal Water & Power Company were a gilt-edged investment. As such, they were no doubt held by many widows and orphans up to the time the company changed hands recently. Those who now control the company endeavored to make a hundred per cent. profit on the deal. Many a small investor must have sold out to Senator Lorne C. Webster and those associated with him in the transaction.

The present president of the Montreal Water & Power Company is William Q. Stobo, who has been associated with Senator C. Lorne Webster since 1894. As far as can be learned both Stobo and Webster have been great doers of good works. Their endeavor to sell the Montreal Water & Power Company to the city of Montreal at 100 per cent. profit on the common stock, is, however, not classed as one of the philanthropies of either Webster or his friend, William Q. Stobo.

Good citizens of Montreal are amazed at Senator Webster's association with the deal. And while Senator Webster's association with the proposed transaction is unfortunate from his own standpoint, it is decidedly more unfortunate from the standpoint of investors generally. For in the province of Quebec the public utility companies are providing an excellent service in every way, and thus have obtained the confidence of the public.

This public confidence has been won through many years of hard work. Along comes Senator Webster and his friends, who acquire a public utility and endeavor to sell it at a ridiculously high price to the city of Montreal. If the present price is not ridiculous then they have paid the original investors in the company too little for their holdings. Naturally the public once again are inclined to view public utility operators with suspicion.

The tide of public indignation has worried those who tried to put the deal across, and now an offer has been made to release the city of Montreal from its obligation to purchase the property at the inflated price. But despite this belated offer, forced upon the group by public opinion, their actions have provided ammunition for Socialists' guns.

REGULATING CARRIERS

T. E. McDONNELL, vice-president and general manager of the Canadian Pacific Express Company raises again the question "Are the railways receiving a square deal at the hands of the Canadian people?"

Mr. McDonnell draws attention to the fact that the present system of transportation is represented by two sets of carriers for hire in competition for the same traffic. One of the sets, the railways and express companies, operating over their own private and taxable property, are subject to control in respect of construction, operation, rates and practices. The other set, the motor truck and bus owners, operate over public property and are almost free from such control. He suggests that this is obviously unfair, particularly in view of the fact that carriers by rail are not allowed to meet this competition by lowering rates where the volume of traffic might warrant, without extending the lowered rates to sections of the country where traffic is light and operation at such rates would be unprofitable.

Mr. McDonnell suggests government control of bus and truck operation, with control over routes, rates and other factors. The problem is complicated, but Mr. McDonnell has gone at length into some of the details of such a scheme.

While he suggests a change in the present licensing system for carriers for hire over public highways, it is interesting to note that Mr. McDonnell, as representing a rail express company, is not interested in curtailing the use of the highways by common carriers. He expresses his belief that good roads and pavements and the proper use of good roads and pavements are as necessary to the advancement of the country as good railroads. He suggests the necessity of keeping private and purely local vehicle activity free from centralized control, drawing sharp distinctions between private use of public roads and the use of public roads as a place to carry on private business, adding, however, that in all fairness, all carriers in competition for the same business should be on an equal footing. By this he means that they should all be free from control or subject to the same control.

His suggested plan of two distinct forms of license would not affect private passenger cars nor would it apply to the usual movement of local delivery trucks, taxicabs, city or hotel buses, county school buses or what is known as the farm truck. It would apply only to any motor-vehicle which desired to make general use of the highways of any province for transporting passengers or freight.

It is difficult to see what objections responsible truck and bus operators might have to a proper plan of government control. It would not necessarily increase their taxation, and would give them the advantage of a stabilized rate schedule. At present the responsible motor transportation interests, too, are forced to enter into competition with the operator who pays the first instalment on a second-hand truck, who can give no guarantees, who is not able to meet what liabilities he may incur, and who, being unable to figure his costs accurately, may engage in price-cutting at will.

The chief difficulty of controlling truck and bus routes is that the business is so young that we have little information upon which to base a system of regulations. Regulations drawn up in haste and applied arbitrarily might set back highway transportation development very seriously. But that such regulations will come in time, and may come soon, is becoming increasingly evident.

TO THE VICTOR

THE postmaster-general of Canada, Hon. Peter J. Veniot, was, until recently, the Liberal prime minister of New Brunswick.

Since October 1, 1926, 38 postmasters have been dismissed in New Brunswick. Is it to be assumed that any of them were Liberals? Of the 38 new appointments, 26 were made on the recommendation of Mr. Veniot, eight were made on the recommendation of the Liberal member for the constituency, four were made on the recommendation of the defeated Liberal candidate for the constituency.

This is the spoils system.

RIGHT TO APPEAL

C. J. YORATH, president and general manager of the two important public utility companies that supply Edmonton, Lethbridge and Calgary with gas, was somewhat critical of Canadian banks in an address the other day. He accused them of being unnecessarily "tight" with their funds. At the same time, he touched upon various legislation in Alberta that weakens the security of capital investments. If the banks are showing undue restraint in loaning in Alberta, it may, indeed, be that Mr. Yorath has found the real reason, although he did not trace any connection, in his address, between the legislative impairment of investment security and the alleged chariness of lenders.

The mortgage loaning institutions have had reason to protest against Alberta's action in passing laws, putting numerous prior liens ahead of first mortgages in that province. Mr. Yorath's protest gave prominence to another condition equally unfair to private capital and equally dangerous for the province itself. Public utilities in Alberta are under the jurisdiction of a public commission. When that commission makes a decision it is final. There is no appeal, whether to the cabinet or to the courts. If the board makes an unfair decision there is no appeal.

Even the Board of Railway Commissioners of Canada has not such power; its decisions are subject to review by the cabinet, which may, on appeal, refer them back. There is a tendency now for some persons to use this right of appeal as a club to attempt to force the railway board to decide in their favor, but such tactics will have no effect on a responsible, semi-judicial body, and do not alter the fact that the appeal from the board is in the public interest.

Alberta might well modify its system and provide for the right to appeal from decision of the board of public utility commissioners. This would give additional security to investors.

NO FUSS: NO WAR

SETTLEMENT of the long-standing Labrador dispute between Newfoundland and Canada is concrete evidence of the value of membership in the British empire. The question went as a matter of course to the judicial committee of the privy council. The judicial committee was not only professionally capable of determining justice but must have been disinterested. While the decision is a disappointment to Canada, and particularly to Quebec, the controversy ends with no ill-feeling.

Without the imperial connection, the question of ownership of inland Labrador would probably have led to international unpleasantness and to non-judicial arbitration and a compromise settlement which would have left both parties dissatisfied. The Toronto Telegram, which approves the decision, might even have been crying out for a naval descent upon St. John's and a mobilization of the permanent force for defense of Grand Falls.

CHEAP POWER

ALBERTA plans to go into public ownership of hydro-electric development and distribution. Before it commits itself irrevocably to its ambition of duplicating the Ontario Hydro-electric System it should consider the comparative cost to the consumer of hydro-electric power produced by private capital and that produced by publicly-owned companies.

The following comparison is made from figures in the preliminary report on the central electric station industry in Canada in 1925, issued from Ottawa recently.

	Private Ownership In Canada	Public Ownership In Canada
Main primary h.p.	2,243,318	1,326,209
Capital	$409,862,801	$316,858,286
Capital per h.p.	$ 183	$ 238
Gross Revenue	$ 51,576,627	$ 51,011,255
Total K.W. hrs. gen.	6,507,203,000	3,583,356,000
Revenue per K.W. hr.	7.77c.	1.423c.
No. of employees	6,141	7,122
K.W. hrs. generated per employee	1,063,000	403,000

The figures show that the private companies of Canada are producing and selling power more cheaply than the public companies.

In capital per horsepower public enterprises in Canada are 30 per cent. in excess of private enterprises.

In number of employees the ratio is even more marked by being 2.6 men for public ownership, for every man for the private companies of Canada, for the same quantity of power generated.

The results to the consumers are equally pronounced. The revenue available for the private companies in all Canada is 7.77 mills per k.w. hour as against 14.23 mills for the municipal and provincial plants, or more than double that of the private companies.

"Power at cost" is greatly in excess of the charge made by the private utilities, despite their handicap of taxation. They are paying back to the public large sums in taxation. These taxes are estimated at $7,736,494 yearly and reduce the net revenue per k.w.h. to 6.56 mills, which compares with the 14.23 mills received by publicly-owned companies. One Quebec utility alone paid out in taxes last year a million and a quarter dollars, being 17 per cent. of its net revenue and 25 per cent. of its dividend requirements.

"Power at cost" as a slogan has not brought as its echo power at lower cost. It is not contended that publicly-owned enterprises have not, in many cases, reduced the rates charged householders for current used for lighting. But in nearly every case where lighting rates have been cut, power rates to industrial consumers have been increased to make up the difference. Voters have had lower monthly bills at the cost of the industrial stagnation. Industry can not be driven away without loss to the community. Cheap power is the explanation of why there was five times the expansion in the pulp and paper industry in Quebec last year than there was in Ontario. The encouragement of private capital is the reason why Quebec developed 475 000 h.p. of new electrical energy as against Ontario's 175 000 h.p.

Alberta can not now embark upon a province-wide scheme of power development without endangering its financial stability. But by giving private capital assurance of fair treatment and obtaining for private capital the same right to develop power in the national parks that it seeks from Ottawa for itself, it will be the gainer in the end.

KEEP THEM OUT

AMERICAN swindlers now use fake financial publications to boost the sale of stocks they are particularly interested in. Ostensibly independent papers, these publications are tools of crooks.

Ottawa now bans immoral periodicals from Canada. Why should it not bar fraudulent ones?

For instance, copies of the Financialistic Debater, of Boston, are coming to Canada. This sheet has been exposed by the Boston Better Business Bureau. It should not be permitted entry into this country.

NAME NOT IMPORTANT

HON. W. D. EULER wants to call the Department of Customs and Excise the Department of National Revenue.

He may call it what he likes, so far as business men are concerned, so long as his commissioner of customs stops smuggling and his commissioner of excise enforces tax collection fairly. In this connection the commissioner of excise has a big job on his hands to effect an even and indiscriminatory enforcement of sales tax collection.

BARRON'S, New York, says: "Government ownership frequently starts well, and Thornton has been a blessing to Canada, but the end is not yet."

• • •

CORAL GABLES city bonds sell to yield six per cent., which is the investment market's appraisal of the issue. Canadian municipals yield only five per cent.; other American municipals about four per cent.

Recent Decisions Show No Par Stock is Best For New Incorporation

By FRASER RANEY, M.A., LL.B.,
Of Osgoode Hall, Toronto, Barrister-at-Law.

The purchaser of industrial stocks and sometimes the purchaser of bonds has come in recent years to expect a bonus of common stock. To provide the stock for this bonus requires some "juggling" to insure compliance with the law. It has been customary to arrange that a block of the new issue of common stock will be allotted fully paid up to the promoter or underwriter to be issued as required to purchasers of preferred stocks or bonds.

As it is illegal to issue shares for less than their par value (except in the case of mining companies) those interested in the incorporation have usually paid for this common stock by transferring to the company franchises, patent rights, good will, or other intangible assets. The value placed upon these assets has frankly depended not on their actual value, but upon the amount of common stock required for bonusing purposes, and the sum required to be paid for government fees on incorporation by the promoter.

Is Stock Fully Paid-up?

Questions have arisen from time to time as to whether common stock allotted for such assets was fully paid for or not. If not fully paid for, the holder is liable to pay up the deficiency if the company fails. The courts have, in the past, refused to interfere in such cases, where there was no fraud, and the assets transferred to the company have not had an obvious money value less than the par value of the stock allotted for them.

In two recent cases, however, the Appellate Court of Ontario has for the first time investigated the bargain made, even when its good faith was not questioned and when the assets transferred to the company for its shares had real value, and has decided that the value of the assets turned over to the company must have been regarded by the company at the time as being equal to the par value of the stock issued in payment for those assets.

The facts in these cases are worth while considering.

Toronto Finance Case

Banking Service Corporation agreed to render all services necessary to organize Toronto Finance Corporation, to underwrite its preferred stock, and to deliver the company's business to its board of directors as a going concern. The organization and promotion was carried out by experienced solicitors and brokers and according to the prevailing practice. Banking Service Corporation was to receive for its services one million dollars (approximately) in common stock, a commission on preferred stock sold, and a collection fee on deferred payments collected by it for the company. It was understood that some common stock would be transferred by Banking Service Corporation to purchasers of preferred stock, but there was no express agreement as to this.

The trial judge, Justice Rose, found that the services rendered were of great value to the company, and that the commission upon the sale of preferred stock was not in itself sufficient compensation for these services, but he found that the price fixed for these services, that is on million dollars in common stock, was never considered by the company to be the actual value of the services. On the other hand, the stock being of speculative value at the time of this transaction, it appeared that the parties had this in mind—and considered its actual value as fair compensation for the services rendered. The court pointed out, however, that the test is not the actual value, but the par value of the stock issued.

It does not appear from the evidence that the agreement for the issue of the common stock recited, as is commonly done, that the services rendered were worth a million dollars, and that stock was accepted in lieu of money. What the effect of such a recital now is, may be doubtful, but it is submitted that the court would look at the substance of the transaction notwithstanding the recital.

Shareholders' Vote Does Not Validate

Another point came up for decision in this case of perhaps equal importance. Careful solicitors have been in the habit of having all by-laws, resolutions, and organization proceedings confirmed by the shareholders at a general meeting duly called for this purpose. In this case the board passed all necessary by-laws and resolutions, and the company in general meeting ratified in sweeping language all steps that had been taken. The court held, however, that notwithstanding that these resolutions and by-laws were regular, that the board and the shareholders were fully advised of the facts, and that the company had taken substantial benefits under the contract, nothing could validate what, in its beginning was void as beyond the power of the company. For, as Justice Ferguson says, "If the agreement is in fact one which the company could not make, it follows that there is no contract in existence, and there cannot be ratification of something non-existent."

It should also be noted that as the agreement of the Banking Service Corporation was to perform future services, failure to do so would only have given rise to a claim for damages and it has been held that such an agreement cannot pay for shares.

Another Similar Case

In the second case, Auditorium Ltd. vs. Lumsden, the principles laid down above were followed, and some additional propositions put forward.

In this case options on property and an agreement for the exclusive playing of professional hockey in the City of Ottawa on this property were sold to the company for $175,000, of common stock. It was apparent that these rights were not actually valued at $175,000 even without considering the written agreement, but in this case the agreement clearly pointed out the illegality of the transaction, for it provided expressly that the vendors should hold a stated proportion of this common stock in trust for the company to bonus the sale of its preferred stock, and then applications for preferred stock were received by the company itself and the company agreed to give to the purchasers with such preferred stock, certain shares of common stock. The court said that this arrangement was such a transparent attempt by the company to issue its shares at a discount that it had no hesitation in setting aside the subscription in question.

The practice which is now finding increased favor of having the charter provide for the issue of preferred stock with a par value and common stock without par value will largely obviate the difficulties indicated in these cases.

FOLKS and Finance

IN HIS recent address on Ontario's new reforestation policy, delivered in the Ontario legislature, Hon. Wm. Finlayson, minister of lands and forests paid a tribute to Rt. Hon. Sir William Mulock, whom he called the "outstanding exponent of forestation in Southern Ontario," Mr. Finlayson said:

"Without a doubt he is the most prominent citizen of the province at present, being the head of the legal profession, head of the University of Toronto, and certainly the elder statesman of the province. Sir William has been a practical forester for a great many years and his estate near Newmarket shows the result of intelligent plantings over a long period of years with walnut and other valuable woods approaching maturity. Last year, he acquired a farm property in the county of Grey and planted twenty-five acres, and I believe he is again planting the same amount this year. If a man of Sir William's age and position is still willing to plant a crop that will not mature for fifty years, surely the rest of the province can follow with confidence his example in a smaller way."

THE spectacle of a business man running away with a professional art show was provided at the spring exhibit of the Ontario Society of Artists. Bertram R. Brooker, publisher of Marketing, and an advertising and sales expert, had two pictures hung on the line. They attracted the lion's share of the attention of the newspaper critics and caused more discussion in the gallery than any other pictures on exhibition. Most of the comments were unfavorable. Mr. Brooker presented two paintings so advanced in their technique and so utterly unconventional in subject as to bewilder visitors to the gallery. Not understanding the spirit of the paintings Mr. and Mrs. General Public gave up in despair the task of trying to appreciate the pictures; people set them down as freaks.

Mr. Brooker paints in the manner of a musician composing a symphonic work. He transfers emotions and impressions to canvas in rhythmic design. When he starts to paint he does not know what the subject of the picture finally will be. Step by step the rhythmic unity that he has been building up takes form and finally becomes something vaguely resembling a picture. That, in fact, is where the layman's difficultly of appreciating the finished work has its root. He looks on the painting as a picture and judges it as such. In reality it is merely a harmony: like a symphony that may be entirely lacking in the ordinary qualities of melody and that is bare of catchy tunes but which is an overpowering expression of a musician's thought. It is only rarely that a person seeing one of Mr. Brooker's paintings will interpret it as the artist interpreted it. But that does not matter. Any interpretation that springs from the sub-conscious and that casts aside the promptings of a rational consciousness of its more metaphysical verities is a correct interpretation of one of these paintings.

This may not be very clear. Mr. Brooker, who is a stylist in English as well as a prodigious worker, could tell the story much better. But the amazing thing about him is that he could describe a sales campaign just as ably. He is business man by day and artist at night.

CANADA'S roll of business leaders carries the names of many men who began their careers as newspaper reporters or "desk men." Wherever they go they carry their news instinct with them as a realizable asset and often, too, they carry with them the unmistakable stamp of their erstwhile profession.

Victor Ross, vice-president of Imperial Oil, pursued a journalistic path to business success. As financial editor of the Globe, Toronto, before the war, he gave Canada one of its first excellent financial pages and the lessons he learned on that job about the inside of finance were the background for his present success. Mr. Ross went to Ottawa during the war as assistant to Food Controller W. J. Hanna, then head of Imperial Oil, and incidentally about the only man ever connected with the Standard Oil group to make good in politics. After the war, Mr. Hanna saw to it that the abilities of his assistant were given a chance to translate themselves into business success. Ross was made assistant to the president of Standard Oil of New Jersey, Walter Teagle, a man of Mr. Ross' own age and a forceful stalwart captain of industry. While on that job, Mr. Ross was offered a post as director of Imperial Oil. Being a director of Imperial Oil is more than an honorary post. Every director of that company is a paid employee of the organization, handling some important division of the work. The only exception to be noted is an eminent legal gentleman, who is, presumably, the active, if not the full time, legal consultant of the company. From a directorship, Mr. Ross soon rose to his vice-presidency, and within a very brief span of years, traveled from his first job to one of the highest in the whole Standard Oil service.

At the time he was Mr. Teagle's assistant, Mr. Ross was the victim of an amusing incident. Mr. Ross was too busy and too new to his job, to spend much time getting acquainted with his fellow executives and there were many who did not know him even by sight.

One evening the company invited a group of its leading workmen to a conference at the company's offices. Mr. Ross was asked by Mr. Teagle to attend. As he was going up the elevator, a senior executive spotted him and said "You had better stay downstairs and smoke a cigar, and after the meeting I'll tell you all about it."

"But Mr. Teagle asked me to be there." Mr. Ross protested. "I'm his assistant, you know."

"Now look here, young man," said the other executive, "I've been in this business too long not to recognize a newspaperman when I see one. And you cannot get away with a time-honored trick like calling yourself the president's assistant."

Every argument Mr. Ross mustered up failed to convince anyone that he was other than a newspaperman, but rather an employee. Even offering to describe the contents of the president's desk or identifying his own overcoat, hanging up in the president's office, were futile. It was not until Mr. Teagle came along, that Mr. Ross was saved and allowed to attend the meeting.

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Impressive Growth

In 1913, the total Canadian Government and Municipal bonds held by Canadians amounted to $320,000,000. Now it is estimated that Canadians hold $2,903,000,000 of these bonds, an increase of $2,583,000,000, or a sevenfold increase, in this short period.

Similar striking changes have taken place in connection with savings deposits and life insurance in force. In 1900, savings deposits were $174,000,000, or $33 per capita, while at the close of 1926, these were $1,372,000,000, or $152 per capita. Life insurance in force in 1900 amounted to $404,000,000, or $76 per capita, while at the close of 1926, the amount was $4,964,000,000, or $530 per capita.

With the growth of wealth, investment needs are more complicated and varied and discrimination in the choice of securities was never more necessary.

Thirty eight years of investment experience are at your disposal in the solution of investment problems. Inquiries invited.

A. E. AMES & CO.
LIMITED

Investment Securities

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Business Established 1889

Your Investments

Investment questions and problems submitted by subscribers of The Financial Post will be answered by letter and those of general interest will be published in this column. We cannot extend this service to non-subscribers. A two-cent stamp or stamped envelope must always be enclosed to cover the direct reply.

Brompton

What is your opinion of the common shares of the Brompton Pulp and Paper Company?

Brompton common is a business man's speculation, but if you are willing to hold it for a term of years we believe that you will obtain some market appreciation.

Empire Life

Can you give me an idea as to the market value of shares in Empire Life?

Empire Life Insurance Company stock is quoted $25 bid and $27 asked in Toronto. The stock has a par value of $100 but only $10 has been paid on each share. This means that a price of $25 per share represents $10 interest in the company and $15 premium on the stock.

Dr. A. W. Chase

We have an enquiry from one of our members regarding the new issue of stock by the A. W. Chase Medicine Co., Toronto, Ont. They want to know if this is a good investment. Could you give us your opinion on it?

The preferred stock of the Dr. A. W. Chase Medicine Co. Ltd., Toronto, Ontario, is somewhat speculative and may be classed as a business man's investment. The company is doing very well but we would not recommend more than a small participation in these securities.

Shawinigan

Do you think the shares of the Shawinigan Water and Power Company are a good purchase?

We consider the common shares of the Shawinigan Water and Power Company to be an excellent investment stock and one which you can safely purchase at its present price.

If you will hold your Shawinigan over a term of years, we believe that you will eventually receive a handsome market appreciation.

Toronto Casualty

Would you kindly inform us if the Toronto Casualty Fire and Marine Insurance Company are safe to insure with and to what extent?

As the Toronto Casualty Fire and Marine Insurance Company is licensed by the Ontario government, we would consider it safe to insure with. The company had to do some redressing of its balance sheet during 1926, but apparently it has gotton all its affairs down to rock bottom and the directors are confident of making steady progress from now on.

It should be satisfactory for any reasonable risk.

Dominion Bridge

Do you think that the shares of the Dominion Bridge Company will show a further appreciation within a year or so?

It is a little hard to give you any advice on Dominion Bridge. The company's earnings are subject to violent fluctuations depending on the level of construction activities in Canada. It is thought, however, that the prevailing activity will be continued, thus "Bridge" stock may show further appreciation.

Canada Steamships

Do you think that I should sell my Canada Steamship Lines common now. I bought the stock at 18½, and I do not know whether to sell or to hold on.

If you purchased your Canada Steamships common with the idea of a quick appreciation you have obtained it and we should advise you to sell. On the other hand, for a two or three year hold the stock looks like a very satisfactory business man's speculation. As you are aware, the company is ably managed and is the predominant company of its kind in this country and controls a large percentage of the Canadian traffic on the Great Lakes and the St. Lawrence.

Ontario Bakeries

Kindly advise me as to your opinion regarding Ontario Bakeries bonds for the investment to the extent of $5,000.

Ontario Bakeries 6 per cent. bonds are a reasonably safe investment. As you know, the company has some eleven bakeries situated in various towns in Ontario and as they have only been operating under the new management since July of last year, it is somewhat difficult to form any estimate of their earnings in relation to bond interest requirements.

We understand that in the last half of 1926 the company experienced good earnings and that the outlook for the organization at the present time is very favorable.

Industrial Alcohol

Tell me, if you please, the outlook for the shares of the Canadian Industrial Alcohol Company.

Our opinion of the Canadian Industrial Alcohol shares is that they are an attractive business man's investment and we believe that at present prices, the shares are selling out of line with some of the other distillery issues. The stock to us, looks attractive for a hold, but you must remember that there is a certain speculative element surrounding the distilling industry. It is understood that earnings are steadily increasing and that already in the company's fiscal year it has earned its dividend requirements for the full year.

Selling Ex-dividends

What is the rule for selling ex-dividend?

There is no stock exchange rule concerning selling ex-dividend. As the day approaches when the books of a corporation are closed for payment of a dividend, the stock tends to sell at a higher price, which, roughly, equals its regular price at that period, plus the dividend about to be paid. Once the books are closed, however, the new purchaser of the stock will not receive the dividends, which will go to the holder of the stock at the time when the books were closed. Dividends are payable on a given date to shareholders of record on a date a week or two preceding. We hope this answers your question.

Wright Automobile

A number of high-powered salesmen are lingering in this neighborhood broadcasting extravagant statements and endeavoring to sell, I believe, stock in the Wright Flexible Axle Automobile at $5 a share. I should like to obtain your opinion of this stock.

We strongly advise you to have nothing to do with the Wright Flexible Axle Automobile or its stock. What chance do you think an organization of this type has to compete with strongly-entrenched automobile manufacturers such as General Motors?

Our opinion is that the Wright Flexible Axle Automobile has little chance of success.

Chilean Bonds

Will you kindly give me your opinion of Republic of Chili bonds and Canada Steamship first mortgage bonds? Are they a safe investment?

Republic of Chili external bonds, issued at 99¼ to yield about 6.50 per cent., are a direct obligation, both as to principal and interest. These bonds will be listed on the New York exchange and it is possible, in common with other foreign issues, that an appreciation of principal will take place. The issue ranks well among foreign issues.

Canada Steamship first and General Mortgage 6 per cent. gold bonds, series A, now selling approximately at 99.50 to yield 6.05 per cent. are a good investment. Earnings have been sufficient to meet interest requirements on this issue and on the retirement of the 5 per cent. debentures 1936 these bonds will constitute a first mortgage on all assets of the company.

Montreal Power

Should I purchase the stock of the Montreal Light, Heat and Power Consolidated at its present high price? Do you not think the stock will decline?

The present prices of the shares of Montreal Light, Heat and Power Consolidated are undoubtedly high and, therefore, we would not say that the stock might not drop back to say 70 or below. On the other hand, Montreal Power stock has always sold at a high level and probably always will continue so to do.

The company operates under excellent management, and we believe that everything looks favorable for a considerable appreciation in market prices—but not immediately. If you are considering purchasing this stock, we should advise you to purchase it with the idea of holding it three or four years, at the end of which period, we feel confident you should be amply rewarded.

Newsprint Stocks

Would Spanish River and Abitibi common be good purchases at 100 and 85 respectively?

At the present time the capacity of newsprint mills on this continent is in excess of the demand for newsprint. Therefore, you can readily understand that the earnings of the mills at the moment are somewhat lower.

The moment that the newsprint demand catches up with the productive capacities of the mills, the newsprint stocks will again appreciate in price. How soon this will be, we do not know. If the present situation persists for any length of time, it is probable that a good many of the newsprint stocks may sell somewhat lower. If the situation adjusts itself shortly, the stocks will not sell lower, but will appreciate.

We consider Abitibi and Spanish River at the price you have named, to be both good investments, provided you are willing to hold over a term of years. We look for no appreciation in newsprint securities in the immediate future.

Twin City

As a regular purchaser of The Financial Post, will you kindly give me your opinion of Twin City common.

I notice the stock is selling on a basis to yield 7.70; is the stock a sound one and would a hold of a year be profitable?

While there is some degree of uncertainty in the future of Twin Cities Rapid Transit, the situation appears better at this time than it has for a number of years. The present rate of fare is not quite adequate to yield the company a return of 7½ per cent. on the valuation as agreed upon between the company and the state authorities. But there is reason to hope that a higher fare will be obtained if the present rate is not adequate after a further trial. In the meantime the company's financial position is being maintained at a high standard. The physical property is efficient and the company is developing new sources of revenue from buses.

We think the stock is good for a long hold.

Dominion Radiator

Having some $6,000 to reinvest, owing to sale of C.P.R. stock, I managed to dispose of about half of it but am undecided regarding the remainder.

In last week's issue you mentioned Dominion Radiator preferred as a satisfactory investment. Have they done better recently?

Which in your opinion would be better: Nickel or some paper preferred stock such as Howard Smith or Spanish River?

Why not buy some of both of International Nickel and Howard Smith preferred? Both these issues look well for a moderately long hold. Spanish River also would be a good buy.

Dominion Radiator preferred is a high grade investment. We do not know where you could have seen any statement to the contrary. The company last year earned better than $11.00 on its common shares and is not paying dividends, which means that the reserve is being built to a substantial figure. There are large outside investments and the company's cash position is excellent

Canadian Theatre

Will you kindly give me your advice re Canadian Theatre Co., 6½ first mortgage bonds? Also Bloor Building 7's sold by United Bond Co.?

Each of the bonds mentioned in your letter are a reasonably safe investment. The Bloor Buildings' issued by the United Bond Company are a first charge against the property, which is now practically completed. It is a store and office building property in uptown Toronto, where a new business centre is rapidly developing.

The 6½ first mortgage bonds of the Canadian Theatre Company are also to be regarded as a reasonably good investment. The property concerned is situated in one of the best parts of Montreal, both from the standpoint of theatre business and shopping business. The average annual revenue of this company has been more than sufficent to meet the interest requirements. Under the Shubert contract which this company has entered into, it is estimated that the revenue will be at least $85,000 per annum.

German Reich Notes

I am holding 800,000 Reichsbank notes, hundert tausend marks, of the 1923 issue.

Will you kindly advise me as to their present value in Canadian currency.

Reichs bank notes will be exchanged for the new Redemption loan before June 30, 1927, by the Banque Canadienne Nationale, Montreal, or its branches. Bonds which have not been submitted before that time become void and no longer represent any claim against the German government.

The basis of exchange in the mark loans and the Reichs, for such bonds of Prussia, Bavaria, Saxony, Wuertenberg, Hessen, Mecklenberg-Schwerin and Oldenburg, which have been taken over by the Reichs and will be at the rate of 2½ per cent. of the gold value. The face value of all bonds issued up to the end of 1918 is equal to the gold value.

If you will refer this matter to the Banque Canadienne Nationale they will advise you as to present value in Canadian currency of your holdings.

Arcade Limited

I have a number of share of Arcade, Ltd., Hamilton, $5 par; no recent dividends. What is this stock worth at present? Are they likely ever again to pay dividends?

The annual report of Arcade Ltd., Hamilton, will be available in about three weeks. In advance of this statement it cannot be predicted with any degree of accuracy what has been the experience of the company in the last year. The fortunes of Arcade, Ltd., one of the largest retail organizations in Hamilton, are inevitably bound up with the prosperity of the city. The city has gradually been improving in the last twelve or fifteen months and it is probable that this improvement will be reflected in the earnings of Arcade, Ltd. Hamilton, as you probably know, suffered severely in the recent depression. This company, we understand, stands well in the mercantile world.

Senior to the common stock is a first mortgage bond issue of some $400,000. The interest on this is being met regularly and the provisions of the issue are being maintained. The management of the company is the same which has been operating it for sixteen years and they give every indication of ability and aggressiveness. In view of all these circumstances, it is probable that the company has seen its worst times. This would lead to the belief that shareholders would gain more by hanging on than by selling out at this time. The stock is sold occasionally at about 95 cents per share. It is $5 par value.

Porto Rico Railways

I hold 25 preferred shares of the Porto Rico Railways, which I purchased at 100. Now comes the offer from the new interests of $70 for the stock. What do you think of the offer, and outline for me, please, the functions of the new company?

The sale of the Porto Rico Railways to the International Power Company does not affect you directly, except, perhaps, to improve your position. The International Power Company has acquired only the common shares of its new subsidiary—the preferred shares will remain in the hands of the present holders.

The International Power Company was incorporated about a year ago and acquired the control of several public utility properties in North, Central and Southern America. We understand that the holding company eventually intends to broaden somewhat the field of operations of the Porto Rico Railways, and thus we believe that if you continue to hold your shares you should eventually obtain a better price than those at present prevailing.

C. P. R. and Others

Would you kindly advise us by return mail, say three stocks that can be purchased for a rise within the next three to six months with an investment of from $1,000 to $3,000 in cash.

The courtesy of your reply will be appreciated as we can see from the copy of the paper which was given to us by a friend that you are doing good work in this country in reporting truly upon companies that come before your notice.

As we do not attempt to forecast with any degree of accuracy the movement of a stock in the stock market we are unable to recommend to you stocks which might be purchased for a rise within the next three or six months. We have been successful in recommending investments because we endeavor to know the companies the securities of which we recommend, and thus are able to foresee appreciations in values over a term of years, rather than weeks or months.

We see a good future for C.P.R. Canada Steamship Lines also looks better than it has for a number of years. Other stocks which might be recommended for a reasonably long hold are Page-Hersey, Dominion Canners preferred, Christie-Brown & Co., and such of the utility stocks as are in the class with Montreal Power, Shawinigan and Winnipeg Electric.

Canada Steamship Bonds

Will you kindly give me a report on Canada Steamship Lines 6 per cent. bonds now selling at $99.50? Are these bonds anything of a speculative character, or would you consider them safe, or reasonably so?

Canada Steamship first and general mortgage 6 per cent. gold bonds series A, are a sound investment. The company has been extending its operation during the past year or two and the outlook at present is favorable for a continuation or betterment of its present earnings. This issue is secured by a first mortgage on recently acquired property, having a total value after depreciation of $14,000,000 and by a second mortgage on steamships, real estate and other property, having a total value after depreciation of $21,895,076 as at March 31, 1926 and subject to a prior mortgage to secure the company's 5 per cent. debenture stock outstanding in amount of $4,853,278, thus leaving an equity of $17,041,798. The company is obligated to retire all the 5 per cent. debenture stock by 1936 and when this is done the mortgage securing this issue will become a first charge upon all the properties of the company.

At the present approximate price of $99.50 these bonds are yielding around 6.05 per cent. They were issued at 97 and accrued interest last September.

Listed Preferred Stocks

Alberta Pacific Grain 7% Preferred
Listed Montreal and Toronto

Famous Players Canadian Corporation 8% Preferred
Listed Montreal and Toronto

Fraser Companies 7% Preferred
Listed Montreal

The above issues of Preferred Shares, now quoted on the Stock Exchanges, were originally underwritten and distributed by Royal Securities Corporation.

They are dividend-paying stocks of well-established Canadian corporations of large earning power. Current market prices indicate substantial yields, with possibilities of future profit.

We shall be glad to answer the enquiries of investors who contemplate the purchase of either of these Preferred Stocks.

Royal Securities Corporation
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164 St. James Street, Montreal
Toronto Halifax Saint John Quebec
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J39

Woods Manufacturing Company, Limited

Jute and Cotton Bags — Tents
Hessians, Buckrams — Flags
Paddings and Twine — Tarpaulins
Clothing and Cotton Fabrics

FACTORIES AT MONTREAL, TORONTO, OTTAWA WINNIPEG, WELLAND
HEAD OFFICE: MONTREAL

SIXTEENTH YEAR OF PUBLICATION

The Greenshields Review

This publication was a pioneer in the field of analyzing commercial and financial conditions in the Dominion with particular reference to security investments.

For more than 15 years its accurate interpretation of changing economic factors has continued to be helpful to investors both here and abroad.

We suggest you ask for a copy of the current number.

Write to Dept. 4

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85

Province of Manitoba

Thirty-Year 4½% Bonds

Due December 15, 1956. Principal and half-yearly interest payable in Toronto, Montreal, Winnipeg, Regina, Vancouver, St. John or New York.

Denominations: $1,000 and $500.

In population, Manitoba is the fourth largest Province in Canada and although primarily an agricultural Province, it has made rapid strides industrially and financially. Over 56% of the Province's outstanding debentures have been issued for productive purposes and are fully self-sustaining.

Price: 96.50 and interest, yielding about 4.72%.

Fully descriptive circular gladly furnished upon request.

Wood, Gundy & Company
Limited

Winnipeg — 36 King Street West — Montreal
Hamilton — Toronto — New York
London, Ont. — Telephone: Elgin 4321 — London, Eng.

Sound Security

The first form of security was probably that of a first mortgage on real estate. The best real estate is that which is improved and centrally located on main thoroughfares in large cities.

The best first mortgage, therefore, is one secured by this class of real estate.

We have on hand several blocks of First Mortgage Bonds as above described and which yield from 6½ to 7%.

Write for particulars and special circulars.

W. A. Mackenzie & Co. Limited
Investment Bankers
217 Bay Street - Toronto

General Motors Corporation

7% Preferred Stock

Dividends payable Feb 1, May 1, Aug. 1 & Nov. 1

General Motors Corporation is the largest and most complete organization of its kind. Net income available for preferred dividends have averaged over the past eight years 9.6 times requirements and for the year 1926 were approximately 23 times such requirements. The present market value of the securities ranking junior to this stock, which is the senior security of the Corporation, is over $1,300,000,000. Circular on request.

Price $120 per share (N. Y. Funds) to yield over 5.80%
(Subject to prior sale and change in price)

The National City Company
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Head Office—St. James and St. Peter Streets—Montreal
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News of Investment Markets

CANADIANS TAKE LARGER SHARE OF NEW FINANCING

Income of $78,000,000 From Investments Provides New Capital

Money available for investment in Canada this year is greater than for some time past. This situation is largely attributable to the favorable returns from productive enterprises within the past two years, but an important source of income which is frequently overlooked is that of revenue from investments. During the first quarter of the present year, Canadians received, by way of dividends and interest on bond holdings, the sum of $77,227,253. In the corresponding period of the previous year income from the same source totalled $70,740,477, or $6,486,776 less.

A large percentage of this money is available for reinvestment. Recent bond and stock issues, as well as the activity of the stock and bond markets, are indicative of the unusually large sums of money available for legitimate enterprises. Not only have the new issues been rapidly taken up and in some instances oversubscribed but listed stocks have very materially appreciated in value, while the demand for bonds bearing good interest yields has caused many of the securities to sell at a premium.

Bond Sales Heavy

Since the beginning of the year, up to and including March 7th, Canadian bond sales totalled $77,292,669, or a fraction above the amount distributed in dividends and interest during the same period. Of this total, $35 922,669 was placed in Canada, the balance going to the United States. These figures, of course, do not take into consideration sales of stock. Moreover, interest in industrial and mining stocks have brought out additional large sums of money; more so, in fact, than at any other time in the past five or six years.

Last year income from investments, netted Canadian holders approximately $30,000,000 a month. This means that there was put into circulation for the whole of the year about $360,000,000. It is safe to assume that the amount will be as great, if not greater, during the present year and in this event plenty of capital will be available to take up any new bond or stock issues. Furthermore, in the next five years a number of the Federal loans will mature, which will release further capital for investment. Thus one may expect that much of the new financing necessary by the governments, corporations, etc., for some time to come, will be furnished by Canadians rather than foreign interests.

Foreign Issues Ranked by Yields

How do foreign government issues rank?

A compilation made in New York shows the average yield derived from bonds of the principal foreign governments according to the New York Stock Exchange as of March 1, 1927. This gives some idea of American investment opinion of the different countries. The record shows:

Holland	4.12%
Great Britain	4.83
Australia	5.15
Cuba	5.20
Norway	5.50
Denmark	5.55
Argentina	6 08
Uruguay	6.30
Japan	6.40
Germany	6.40
Austria	6.62
Belgium	6.63
Chile	6.65
Brazil	6.97
France	7.04
Bolivia	7.33
Italy	7.40

Canada is not on the list. Apparently in New York financial circles, Canada is not a foreign country. But for purposes of comparison, if Canada had been included its figure would have been 4.70 per cent, second on the list.

Promises Black Sheet Mill for Dom. Alloy Steel

Shareholders of Dominion Alloy Steel, at the annual meeting in Sarnia this week, were told that the galvanized sheet mill had an operating profit in the last six months of the fiscal year. The company, it was said, had made progress in the thirteen months of operation. President W. B. Boyd pointed out that 10,000 tons of black sheets had been galvanized and marketed during the year, and, since the sheet mill rolling equipment had been perfected by the installation of a continuous mill, he stated that there would be no further delay in installing the black sheets mill.

More than 250 shareholders attended the meeting. W. B. Boyd was re-elected president. Other directors are W. H. Kenny, Sarnia; C. Harold Wills, Sir Henry Pellatt, Rhyls D. Fairbairn, Roy N. Norton.

Credit Insurance Aids Drive Against Failures

The credit protection department of the National Association of Credit Men reports for the period from June 1, 1925, to November 30, 1926, a record of 528 indictments and 187 convictions. In addition, on November 30, there were a total of 530 cases pending and 221 pending indictments, with only sixteen cases lost. While many indictments were not followed by convictions, an indictment is in itself sufficient stigma to warn credit granters against further dealings with those who fail fraudulently, it is pointed out.

The credit insurance companies are in accord with the policies of the National Association of Credit Men, says R. J. Mullen, Toronto manager for the American Credit Indemnity Company, who adds that his company is a subscriber to the protection fund of the association and co-operates with it.

The insurance company feels that the interests of creditors are best served when claims are filed through reputable collection agencies, rather than direct with referees. Since a claim filed direct is not voted, it defeats the purposes of those who consider an investigation necessary.

It is interesting to note that credit insurance companies offer a collection service for the use of policyholders, with no collection charge for the handling of bankruptcies and receiverships. Officials claim that if they are allowed to handle such claims they have an opportunity to investigate failures and can uncover fraud in many cases, while their policyholders, by filing their claim direct, could not.

Dominion insurance license has been issued to the National Guaranty Fire Insurance Company, authorizing it to transact fire insurance. J. Thibaudeau, Montreal, has been appointed chief agent in Canada.

HUNT'S CANDY STORES MAKE STOCK ISSUE

Part of Proceeds to be Used in Opening New Stores

An offering of $300,000, 7 per cent. cumulative sinking fund first preferred stock of Hunt's Limited, was made this week by McLeod, Weir & Co. Within a very short time after being offered to the public, the entire issue was oversubscribed. This is an indication of the popularity of chain store issues and the appeal they make to the investor through the numerous contacts such organizations have with the public.

Started on a small scale in 1905 Hunt's has rapidly expanded and now operates a chain of eighteen candy and ice cream stores and tea-rooms located in Toronto and Hamilton. Developments have been largely taken care of by earnings. The company makes all its own candy, ice cream, cakes, pastrys, rolls and bread in a modern factory owned outright. Exceedingly valuable leases on some of the most prominent business places located in Toronto are also owned by this concern.

The business of the company has grown at such a rapid rate in the past few years that further enlargement of the factory, purchase of properties and augmentation of working capital, have become necessary, hence this issue. Part of the proceeds, however will be used in opening up stores in London and Ottawa, and later on—providing conditions are favorable—in Montreal.

Details of the issue are as follows:

$300,000
Hunt's, Limited
7% Cumulative S. F. First Prefered Stock.

Business—Operate a chain of 18 candy and ice cream stores and tea rooms in Toronto and Hamilton.

Property—Modern factory owned outright and valuable leases on prominent business locations in Toronto.

Sales—Have increased from $314,377 in 1921 to $685,301 in 1926. An increase each year.

Earnings—Net for past three calendar years, after providing for all charges amounted to $25,984, $40,405, and $50,450. Dividend requirements on this issue $21,000.

Sinking Fund—Provision for a sinking fund of 10 per cent. of net earnings for the preceding fiscal year, after providing for depreciation, income taxes and dividends on the preferred stock.

Protective Provisions—No additional shares or prior or equal rank shall be issued and the company shall not place any encumbrance on its fixed assets, except purchase money mortgages or security to its bankers, without consent of the holders of two-thirds of the preferred stock.

Management—No change in management.

Purpose of Issue—Opening new stores, enlargement of factory, purchase of properties, the augmentation of working capital, and for other corporate purposes; also, minor extent, in acquisition of shares of former holders of preference shares.

Offered—By McLeod, Young, Weir & Co., at a price of 100 and accrued dividend, with a bonus of one-half share of no-par common stock.

Book Reviews

Security Speculation—The Dazzling Adventure

Laurence H. Sloan, who wrote this book, is an editor of the Standard Statistics Service. When he speaks, he speaks with authority, but, unlike many others similarly situated, he also speaks interestingly in this newsily-written, able contribution to the art of speculation.

The volume is a critical analysis of speculation, and aims, by careful study of security price movement in the last twelve years, to discover the relative speculative values of stocks.

The objective of the book is to provide the speculator—or the investor—with information on the rewards and hazards which have attended speculative operations in the past, and from these to draw such data and conclusions, and to set down such further conclusions and opinions, which seem likely to be of help in the formation of a sound speculative policy. Mr. Sloan does not endeavor or profess to be able to set down or to dictate completely such policies, but as he himself says, merely to present some conclusions which, it is hoped, will be of aid. In addition, the volume is supplemented with data, and statistics of certain specific and well-known New York market securities.

It is published by Harper and Brothers, New York, at $3.50.

Investments Abroad

Canada is estimated to have about $700,000,000 invested abroad. On the other hand, there is about $3,000,000,000 of outside capital invested in Canada. The balance against us is $2,300,000,000, on which we must make net interest payments of about $125,000,000 yearly. But we are drawing new capital at a rate more rapid than that. Our creditors are loaning us the money to pay their interest. Fortunately, the capital is being used in the development of immensely valuable resources and our creditors are likely to gain enormous profits from having backed their faith in Canada with their money.

Canada has benefited to such an extent from the investment of foreign capital and has now, paradoxically enough, become such a large foreign investor herself, that the economics of the subject have come to be of keen interest to investment bankers, students and others. "Investments Abroad," by A. Emil Davies, financial editor, the New Statesman, of London, is a most interesting work on the subject of foreign investments. It is written, the author states, cautiously. He admits to being an optimist by temperament and a pessimist by experience. This is probably why he was so critical of Canada in one passage already quoted in The Financial Post. It is doubtful if Mr. Davies' cynical attitude adds much to the value of his work. It is published by A. W. Shaw Company, Chicago.

Newfoundland Year Book

The Year Book and Almanac of Newfoundland, 1927, now ready for distribution, contains much authentic and valuable information relating to Canada's sister Dominion, which should prove helpful to Canadians interested in fostering trade with or who are anxious to acquire a more extensive knowledge of the Island.

The volume comprises some 400 pages and covers such subjects as fishing agricultural, pulp and paper, banks, list of public officers, post office regulations and a carefully revised directory of all towns, villages and settlements in the Island. There is also a section to the official customs tariff, corrected to date.

Financial Organization and Management

Business is not yet an exact science. Yet, as our universities, business papers and government analysts begin to set down in black and white the essence of business practice as it has evolved itself through the rule of thumb and the gigantic corporation stages of commercial history, it becomes increasingly evident that business methods of to-day can be dissected and analyzed. A young man starting in business to-day can equip himself with almost a professional background of knowledge about the tasks he will assume. Our universities have courses in commerce and finance that give to the average graduate a practical conception of the mechanics of business and finance and prepare him to advance very quickly, if he has ordinary common sense and some energy. Nor is study of the science of business confined to young men preparing for their careers. The large circulations achieved by well-edited, specialized business papers and the large libraries found in executives' offices are evidence of the fact that the business man is always anxious to learn and anxious, too, to have an outside observer, say, a university professor, analyze methods and procedure to arrive at standards and averages. We have even seen develop large book publishing houses that specialize in the production of business books and many of which have produced volumes of inestimable benefit to the business and financial world.

"Financial Organization and Management" is an amazingly thorough volume. Its purpose is to outline modern methods of handling the financial end of a business. It starts at the beginning of a new enterprise, discussing all phases of incorporation, financial set-up, raising of capital, etc., and continues through to a detailed analysis of stocks, bonds, balance sheets, and even reorganization of unsuccessful companies. The publishers state that the volume includes much information that has never previously been published. It, indeed, does reveal much of the inside workings of promotion, investment banking, etc. Its 725 pages are illustrated by rather brilliant charts and diagrams, some of which are illuminating and others of which are not, but all of which are merely supplementary to a text that combines completeness and interest to a marked degree.

"Financial Organization and Management" was written by Dr. Charles W. Gerstenberg, well known as an author and teacher on business subjects. It is published by Prentice-Hall, Inc., New York, at $5.

Canada's Economic Status Undergoes Vast Change

A revolutionary betterment has taken place in the economic status of Canadians in the past few years, according to a bulletin published by A. E. Ames & Co., Ltd. This is brought out clearly in a few specific instances, showing the great extent of the change.

Records show that in 1913, the total Canadian Government and Municipal bonds outstanding amounted to $801,000,000, of which only about 40 per cent., or $320,000,000, were held by the people of Canada. At the close of 1926, the total Canadian Government and Municipal bonds outstanding amounted to $4 225,000,000, of which 68 per cent., or $2,903,000,000, were held by Canadians. In other words, Canadians had increased their holdings of their own government and municipal bonds by over $2,583,000,000 in a thirteen-year period—a sevenfold increase.

Perhaps some of the more illuminating of available figures throwing light on the subject, are those showing the increases in savings deposits and life insurance in force. The changes here are parallel and similar to movements which have taken place in many individual directions and are only parts of a much greater aggregate. In 1901, the per capita savings amounted to $33 and the per capita life insurance in force to $76, giving a total for both of $109. At the beginning of 1927, the per capita savings deposits amounted to $152, and the life insurance in force to $530, a total for both of $782, or over seven times the total of 1900.

Canada, by virtue of her vast resources and by virtue of the enterprise of her people, has, in a relatively short time, taken a place among the wealthier nations of the world. Her per capita national wealth is now exceeded only by that of the United States and Great Britain. The comparative figures of national wealth, compiled by the League of Nations, are as follows: :

United States	$2,918	per capita
Great Britain	2,459	" "
Canada	2,406	" "
France	1,570	" "
Germany	1,080	" "
Japan	544	" "

A consideration of the above facts would seem to indicate that Canadians, as a whole, have in the past exercised a reasonably good degree of judgment in the accumulation of wealth, and further that they have laid fairly sound foundations for the future.

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The holder of long-term United Bonds is assured an increasing security behind his investment as time goes on.

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6½%

Jones' Bros. of Can., Ltd., pre-eminent position in its field has been attained in 40 years of constant development.

The present soundness of the company is indicated by the following facts:

Total net assets held against the issue equal $2,114.79 for each $1,000 of the issue outstanding.

Current assets equal 3½ times current liabilities.

Sinking Fund provisions are estimated sufficient to retire 90% of the issue by maturity.

1926 earnings equalled 3¾ times bond interest requirements before provision for interest, depreciation and Federal taxes.

We recommend these bonds as a conservative investment.

Price: 100 and interest to yield 6½%

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Canadian Bond Dealers Gain from U.S. Policy

Government opposition to foreign loans by American bankers to debtor nations that have not ratified agreements with the United States government, has brought about an interesting situation which is working to the advantage of Canadian investment bankers. This has already taken place, as evidenced by the recent French Line bond issue, which was quickly oversubscribed in this country. It is said that Secretary of State Kellogg, not Secretary of the Treasury Mellon, now swings the "big stick" in respect to foreign loans by New York bankers, and that the latter are showing signs of dissatisfaction which may take the form of open revolt later on.

It is also said that proceeds of the French issue were taken over by the French government in order to build up its reserve of foreign currency. The French Line was reimbursed with francs.

Whether or not there is any change in the attitude of the American government toward foreign loans, the fact remains that Canadian bankers have already profited by the situation and may do so again before the year is out.

HOLLINGER'S ANNUAL PROVES QUIET AFFAIR

Net Earnings Show Decrease, Owing to Expenses on Developments

Although Hollinger's annual meeting was not productive of any unusual features, several interesting references were made to what had been done in the past year. The Company's investments show a decrease owing to the necessity of selling some securities to cover the advance of $3,000,000 to Noranda. This will be reinstated by the bonds to be received, which would give a better yield than those disposed of.

During the past year Hollinger had taken up options on 88 claims at Kamiskotia, near Jamieson, in the Cochrane district, and 27 claims in Clearwater Lake, near Woman Lake in the Red Lake district. Some work had been done on the Kamiskotia claims last year, and further development will be carried out this year. No work has been done at Clearwater Lake, but a start would be made during the current year.

A. F. Brigham, general manager, reviewed the statement and referred particularly to the average yield per ton being obtained. Commenting on the decrease of $600,000 in net, he stated this was more apparent than real. According to him the average yield per ton had actually been higher, as some of the results shown in 1925 should have been taken into the 1926 figures, and would have made an improvement in the showing.

The financial statement was adopted without question and the retiring board of directors re-elected without change.

Says Spillers Stronger Than Ever in Canada

Reorganization of the Spillers interests in the Old Country make the organization stronger than ever, according to Major D. Eric Treharne, manager of the Spillers Canadian Milling Company, Calgary.

"With regard to the reported reorganization of Spillers interests in the Old Country," said Major Treharne, "this in no way affects the organization of their Canadian associates, but leaves them stronger. I might mention that the capital structure of Spillers Milling & Associated Industries Limited, so far as the public is concerned, is in no way altered and is merely an internal consolidation such as many industries in Great Britain have carried out."

That Spiller's new mill in Calgary should be ready to start grinding about the beginning of June, was another statement made by Major Treharne, who has just returned from a trip to the Old Country.

Mill For Manitoba

MONTREAL. — Application has been made to the Federal Government to erect a 600 ton paper mill at Whitemud Falls, Manitoba. The application involves timber limits containing 11,500,000 cords of pulpwood. Whitemud Falls will develop, it is said, 500,000 horsepower and the whole project will involve an expenditure of some $20,000,000. It is understood that New York, Montreal and Chicago interests are behind the project.

Quebec Employers Form Mutual Casualty Company

"For the mutual protection of large employers under the new Workmen's Compensation Act." So reads the bill incorporation of the new Quebec Mutual Casualty Co. which applied to the Legislative Assembly of Quebec this week for a charter. The new company will have its head office in Montreal, and will be permitted by its charter to start operation as soon as applications for casualty insurance cover estimated payrolls of $5,000,000. The company will also seek permission to write automobile insurance of all kinds and casualty and guarantee insurance in all its branches.

The provisional directors of the new company are: Julian C. Smith, George Montgomery, K.C., Joseph Desautels, J. M. Thompson, Norman Holland and Edgar M. Berliner, all of Montreal; with Adjutor Amyot, Quebec; and Joseph A. Bothwell, East Angus; with power to add to their numbers.

Dr. Colby, Montreal, Becomes Shredded Wheat Director

Annual meeting of Shredded Wheat Co., held at Niagara Falls, N.Y., Tuesday, resulted in the election of Dr. Charles W. Colby, of Montreal, to the board of directors to fill the vacancy caused by the death of Joseph Henderson, of Toronto.

It was pointed out that, while Canadian Shredded Wheat Co. long had been subsidiary to the American plant in an operating sense, it now was self-contained in every respect. Wheat elevators were completed last year and a new power house has just been completed.

New English Factory

The Shredded Wheat Company has just built a sunlit, sanitary factory at Welwyn Garden City, Herts, England. This model factory, of marble and white glazed brick, is set in a verdant landscape of seven acres, with scenic surroundings of unusual beauty. Since its opening it has been visited by thousands from all over the British Isles. During the year, the company has completed a new, modern, up-to-date power plant in connection with the Canadian branch, and plans already are completed and adopted for erection of a new, beautiful, sunlit Canadian plant. Construction will begin in the near future.

Gross operating profit, less operating expenses, stands at $1,945,493, as compared with $1,827,974 for the previous year. After depreciation, $222,799, against $188,402, and tax reserves of $253,787, there remains net income of $1,468,906, as against $1,391,753. Including the balance forward of $1,751,316, there is available for distribution a total of $3,220,222. The sum of $1,150,000 is appropriated for dividends, and $500,000 is written off good-will, reducing that account to $3,000,000 leaving balance at Dec. 31 last at $1,570,222.

Total assets are carried in the balance sheet at $12,083,472, against $12,322,650 at the close of the previous year. Cash on hand at $987,776 compares with $983,965; accounts receivable, $440,551, compared with $440,746; inventories, $2,170,627, against $2,100,352; investments, $283,597, against $437,075; and land, buildings, equipment, etc., $5,200,919, as compared with $4,860,512. Sundry accounts owing amount to $383,161, slightly changed from the previous year, and an item of $105,088 as reserves is carried.

VICTORY BONDS TRADED IN FOR FOREIGN ISSUES

High Yields and Possible Appreciation in Value Attract Investors

Although Canada has not yet reached the stage where she may be classed as an international banker, the number of foreign bond issues, wholly or partially placed in the Dominion during the past two or three months, has overshadowed corporation and municipal issues of Canadian origin. Moreover, these bonds have been apparently sold without any trouble, demonstrating conclusively that there is more money available for investment in high-yielding securities than at any time for some years past.

Since the beginning of the year, eleven new foreign issues have been handled by Canadian houses. With the exception of two, each issue was underwritten by an American house or syndicate and a portion allotted to Canadian dealers. Of these eleven issues, seven were of United States companies, some of them operating in Canada, and the balance being offerings of New South Wales, Republic of Chile, Republic of Bolivia and the French Line. It is in the latter securities, however, that investors have been particularly interested.

Plenty of Money Available

The prosperous conditions of the past two years have released large sums of money for investment, but the interesting feature of the present bond situation is not in the amount of capital available, but in the fact that an increasing number of Victory bonds are being traded in for foreign issues. Victories are now selling above par and the yield ranges below 4.95 per cent. The advantage in exchanging to the bonds of foreign countries, paying interest around 7 per cent., is due not only to the increased income, but also in providing greater diversification of holdings.

There is another phase of the situation, stressed by bond dealers selling these foreign issues and that is the greater likelihood of the bonds appreciating in value. Many instances could be cited where foreign bonds, issued at below par, have quickly sold at a premium. Victory bonds, on the other hand, have apparenty reached a maximum price and as a large percentage of them mature within the next ten years, there is a growing desire on the part of the holders to switch over to a long term bond, paying at least six per cent. or better. This price cannot be secured for the high-grade Canadian issues and attention is naturally turned to the foreign bonds, which give a high yield combined with ample security.

The bond market has shown no signs of recession and has displayed an ability to absorb new issues without any apparent straining of credit. Consequently, it is likely that the value of foreign issues placed in the Canadian market this year will set a new high record.

Unlisted Bonds

	Bid	Asked
Abitibi P. & P. 6s, 1940	104	105
Algoma Steel 5s, 1962	30	31
Alberta Pac. Grain 6s, 1946	97¼	97¾
Anticosti Corp. 6½s, 1941	102½	103¼
Bell Telephone 5s, 1955	101	101⅜
Belgo Can. Paper 6s, 1943	102¼	102⅝
Brandram Henderson 6s, 1936	96¾	97¾
B.C. Pulp & Paper 6s, 1950	83	93
Brompton P. & P. 6s, 1946	99¼	99¾
Burns P. & Co. 6½s, 1943	103¼	104¼
Calgary Brewery 5s, 1942	88¾	90
Calgary Power 5s, 1940	92½	93⅜
Canada Lt. & Pr. 5s, 1949	93¼	94½
Can. Nor. Power 6½s, 1941	101	102
Canada Paperboard 7s, 1937	98	99
Can. Steamship 5s, 1943	99¼	99¾
Can. Steamship ½s, 1941	97¾	98¼
Can. Steel Fndry. 6s 1936	104½	105½
Davies, Wm., 6s, 1942	93¼	94
Dominion Iron 5s, 1939	28½	30½
Dom. Power & Tr. 5s, 1932	96¾	97¾
Dominion Textile 6s, 1949	106½	108
Drummond Investment 6½s, 1938	99	100
Duke Price Pr. 6s, 1966	105	105½
East Kootenay Pr 7s, 1942	103¾	105¼
Elec. Development 5s, 1933	100¼	100¾
Famous Players 6½s, 1943	99	100¼
Fraser Co. 6s, 1950	99	99½
Gatineau Power 5s, 1956	96⅝	97
Gatineau Power 6s, 1941	99½	100
Howard Smith P. & P. 7s, 1941	103¾	104¼
Internat'l Paper 6s, 1941	98	98½
King Edward Hotel 7s, 1944	90	93
Lake Superior P. & P. 6s, 1941	106¼	107½
Laurentian Pr. 6s, 1936	103¼	104½
Laurentide Pr. 5½s, 1946	101¼	102
Maple Leaf Mfg. 6½s, 1943	103¾	105
Maritime Tel. & Tel. 6s, 1941	103½	105
Manitoba Pr. 5½s, 1951	98¾	99½
Mattagami P. & P. 7s, 1949	112	116
Mercury Mills 6½s, 1942	100¾	101¾
Mont. L. H. & Pr. 5s, 1951	99⅝	100
Mont. Pub. Service 5s, 1942	99	99⅝
Nor. Can. Pr. 6s, 1945	101½	102¼
Nor. Ont. L. & P. 6s, 1946	101½	101¾
Nor. West Utilities 7s, 1938	99¼	100
Nova Scotia Steel 5s, 1959	57	62
Nova Scotia Steel 6% Debs.	32½	36
Nova Scotia Tram. 5s, 1946	91¼	93
Nova Scotia Tram. 7s, 1952	99½	100¾
Ont. Pulp & Paper 6s, 1931	109½	111
Ottawa Hull Pr. 6s, 1948	103⅝	104½
Ottawa L. H. & Pr. 6s, 1953	105	106
Ottawa Trac. 5½s, 1955	101½	102
Ottawa Riv. Pr. 6½s, 1953	103	103¾
Port Alfred P. & P. 6½s, 1943	102½	102¾
Price Bros. 6s, 1943	103⅞	104⅜
Prov. Lt. & Pr. 5s, 1946	100¼	101¼
Page Hersey 6s, 1946	102	103
Quebec Pr. 6s, 1953	106¾	107¾
Rio Tramway 5s, 1935	95⅜	95⅞
Sao Paulo Tram. 5s, 1929	97⅞	98¼
St. Lawrence Paper 6s, 1946	97¾	98⅜
St. Maurice Pr., 6½s, 1953	108¼	108⅝
St. Maurice Valley 6s, 1945	99¾	100¾
Shawinigan W. & P. 6s, 1950	105½	106¼
Simpson, Robt. 5s, 1952	95	96½
Simpson's, Ltd. 6½s, 1945	103	103⅝
Southern Can. Pr. 5s, 1955	98½	99¼
Spanish Rvr. P. & P. 8s, 1941	107	107¾
West Kootenay Pr. 6s, 1943	103½	104½
Ottawa Mont. Pr. 6½s, 1949	103	103⅝
West Pr. of Can. 5s, 1949	97¼	98¼

Calgary Puts Sinking Fund on Sound Footing

Efforts to put the sinking fund of the city of Calgary on a sound footing are meeting with considerable success, judging by results achieved in the past three or four years. At the end of 1921, the amount owing by the city of Calgary to the sinking fund for overdue payments was $3,445,165. At the end of 1926 this shortage stood at $2,718,343, a net reduction of $726,822 in a period of six years, an average reduction of $121,137 per year.

As a result the percentage of the total fund overdue and unpaid by the city of Calgary has been reduced from 51 per cent. in 1921 to 29 per cent. in 1926, while during the same period the total investments in the fund more than doubled, increasing from $3,224,960 in 1921 to $6,724,548 in 1926.

With the rapid annual increase in the actual investments in the sinking fund, with the reduction of the shortage in the sinking fund, and with the payments that are coming in every year from land sales, there is every reason to expect that in the next few years the city of Calgary will rapidly overtake the shortage in the sinking fund. It is estimated that in the next five years this shortage should be reduced by at least a further million dollars.

Massey-Harris Listed

MONTREAL.—The preferred and the common shares of Massey-Harris have been listed on the Montreal Curb Market. There are 120,889 shares of both classes of stock outstanding; all the shares have been listed for trading.

Hamilton Dairies Begins Earning at Good Rate

Hamilton Dairies in the last six months of 1926 earned its preferred dividends twice over, it was stated at the annual meeting held in Hamilton this week.

The board was increased to nine members. The following were elected:

D. C. Flatt, president; George Bethune, vice-president; John I. Flatt, managing director; R. O. Denman, secretary; D. Z. Gibson, F. C. Biggs, R. L. Innes, St. Clair Balfour and Norman S. Firth.

This Week's Bond Sales

North York Bonds

The Township of North York has sold an issue of $261,267, 5½ per cent. bonds to McDonagh, Somers & Co., on a bid of 104,383. The bids were:

McDonagh, Somers & Co.	104.383
A. E. Ames & Co.	104.03
C. H. Burgess & Co.	104.251
Dominion Securities Corp.	102.070
Wood, Gundy & Co.	102.8

County of Carleton Issue

An issue of $147,540, County of Carleton, 5 per cent., 5, 10 and 20 instalment debentures has been awarded to the Bank of Toronto, on a bid of 100.16. The bids were:

Bank of Toronto	100.16
R. A. Daly & Co.	100.11
J. L. Graham & Co.	100.032
Fry, Mills, Spence & Co.	99.89
Wood, Gundy & Co.	99.85
McLeod, Young, Weir & Co.	99.76
Dyment, Anderson & Co.	99.62
Bell, Gouinlock & Co.	99.60
Royal Securities Corp.	99.60

Tenders and By-laws

March 15, Regina—$227,675, 5%, 15 and 30 year debentures. D. D. Ross, City treas.

March 23, Saskatoon—$256,500, 5%, 10, 15, 20 and 30 year debentures. Andrew Leslie, City Commissioner.

British Columbia—$287,000, 5%, 15 and 20 year debentures.

March 22. School Commission of La Tuque, Que.—$69,700 serial, 5 or 5½ per cent bonds. A. Roy, Sec.-Treas.

Mar. 21, New Toronto—$78,400, 5 per cent., 15 and 20-year local improvement debentures. W. B. Curtis, Treas. (See announcement on page 16.)

Saskatchewan

Authorizations Granted by the Local Board from Feb. 19 to Feb. 26, 1927.

Schools.—Rosedale, $4,500; Fartown, $2,200; Wild Rose Valley, $1,600; Tweedyside, $4,000; Aneroid, $1,200; Canyon, $1,300; Durban, $1,000; Stapleton, $3,000; Paragon, R.T. Co., $1,800.

Public Services

Public Service Companies are public necessities and grow as the country grows. That issues of such companies therefore possess a high degree of security has been amply demonstrated in the cases of the following:

Montreal Tramways 5% 1941
Montreal Tramways 5% 1955
Bell Telephone 5% 1955
Quebec Power 6% 1953
Quebec Ry. 5% 1939
St. Maurice Power 6½% 1953
Montreal Pub. Ser. 5% 1942
Laurentide Power 5½% 1946
Duke-Price Power 6% 1966
Manitoba Power 5½% 1951
M. L. H. & P. 5% 1951
Gatineau Power 5% 1956
Gatineau Power 6% 1941
Can. Nor. Power 6½% 1941
Winnipeg Electric 6% 1954

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E. J. L'ESPERANCE, Vice-Pres. & Man. Director
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BOND MOVEMENTS OF THE WEEK

Week Ending March 8.

Bonds—	Int. Rate	Due	Yield	Range, 1926 High	Range, 1926 Low	Range, 1927 High	Range, 1927 Low	Ask	Bid	Latest Price High	Latest Price Low
Asbestos gen. mtge.	6	1956	6.53	88¾	81	94¼	88	93	92¼	93	92¼
Can. Canners	6	1950	6.00	100	94	100	96½	100	99	100	..
Canada Cement	6	1929	5.54	103	100½	102¼	100½	102	101	101¼	101
Dom. Iron	5	1929	....	94	86	92	69	75½	..	75½	..
Lyall Cons.	6	1932	6.98	94¼	92	95¼	94	..	95¼	95¼	..
Mexican Electric	5	1942	10.00	62	52	65	60⅝	..	60	60⅝	..
Mexican Power	5	1940	9.00	71	68	69	68⅝	..	69	68⅝	..
Montreal Power	5	1933	5.02	99½	99½	100	99½	..	..	99⅞	99¾
Mont. Tram. 1st mtge.	5	1941	5.09	98½	93	99⅞	98¾	99½	98⅞	99	..
Do., "A"	5	1955	5.20	95	92½	97¾	94¼	96⅞	96⅜	96⅞	96
Quebec Rly.	5	1939	5.21	100	91⅞	99½	96	98	97¾	98	..
Rio Janeiro	5	1935	5.38	100½	91½	95½	95¼	96¼	95½	95½	95¼
Spanish River	6	1931	6.29	106¾	106¾	108½	108½	..	108½	108½	..
Wayagamack	6	1940	6.14	100⅝	90	100	97	99½	98	98¾	..
War Loan	5	1931	4.66	102.40	100.35	101.85	101.00	101.55	101.50	101.55	101.10
Do.	5	1937	4.56	104.65	102.75	104.20	102.90	103.75	103.50	103.75	103.25
Victory Loan	5½	1927	4.60	102.50	100.15	101.00	100.25	100.70	100.60	100.70	100.60
Do.	5½	1933	4.74	106.35	103.20	104.80	104.00	104.20	104.10	104.40	104.05
Do.	5½	1934	4.90	104.40	102.65	104.05	103.15	103.90	103.75	103.95	103.75
Do.	5½	1937	4.60	109.30	106.70	108.00	106.90	107.35	107.30	107.45	107.15
Do., Renewal	5½	1927	4.56	101.95	100.00	100.80	100.20	100.60	100.55	.....	.....
Do.	5½	1932	4.88	103.85	102.00	103.45	102.45	103.25	103.00	103.25	103.00
Do., Refund.	5	1928	4.67	101.35	99.00	101.00	100.00	100.75	100.60	100.65	100.45
Do.	4½	1940	4.64	96.95	95.60	98.70	96.60	98.30	98.15	98.60	98.00
Do.	5	1943	4.76	102.80	101.10	103.00	102.30	102.55	102.45	102.70	102.40
Do.	4½	1944	4.64	97.15	95.70	98.85	96.60	98.35	98.10	98.45	.....
Do.	4½	1946	4.62	96.90	95.65	98.60	96.70	98.45	98.20	.....	.....

WEEKLY RECORD OF FINANCING IN CANADA

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS.

Place	Date Sold	Municipal —Sold To—	Rate	Maturity	Amount	Price	Cost Basis
North York Twp.	Mar.	McDonagh, Somers & Co.	5½%		$261,267	104.383	....
County of Carleton	Mar.	Bank of Toronto	5%	5, 10 & 20 ins.	147,540	100.16	...
Sask. Schools and Phones	Feb.	Various	...	......	7,085	....	....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Can. Pulp & Pap. Research As'n.	Feb.	Direct	6%	......	$350,000	....	....
Can. Power Specialty	Feb.	Direct	5%	10-yr.	175,000	....	....
Border Cities Co.	Feb.	Direct	7%	......	500,000	100	....
Stock Issues—							
Hunt's, Ltd.	Mar.	McLeod, Young, Weir & Co., and Murray & Co.	7%	Pref.	$300,000	100	7%

(With bonus of one-half share of no-par common stock)

Insurance for Buyer and Seller

ADVISES FARMERS HOW THEY CAN CUT FARM FIRE LOSSES

Mutual Insurance Secretary Uses Annual Report to Good Purpose

Exerience is proverbially a good teacher, but when it comes to fires, too many people disregard the admonitions of this grand old master and rely upon their insurance policies to provide the panacea for fire loss. The Portage la Prairie Fire Insurance and Farmer's Mutual Fire Insurance Co. is making a consistent effort to educate its policyholders in matters of fire prevention and Stratton Whitaker, the secretary-manager of the company, takes the opportunity in his annual report to give his policyholders a little lesson in fire prevention. He bases his remarks on the company's experience during the past year. His first remarks are addressed to people generally.

"It seems strange that when conditions are right for a fire, so many people will do the most ridiculous things, in fact, we might almost say criminal things, as in many cases we had reported to us people starting brush fires and others burning off their stubble and old straw stacks, etc., right in the middle of the windiest and driest weather. There is no doubt that this was the cause of a number of fires. It certainly seems impossible to create a real sense of fear of fire in some people. We sometimes think that if we were only to make up a booklet of all the terrible and tragic letters that we receive, about little ones who have been burnt to death, sometimes just through carelessness, such as parents lighting fires with coal oil and sometimes with gasoline in mistake for coal oil and so on, how much more careful every one would be and how much more they would do to protect themselves from fire, instead of deliberately inviting a fire."

His next note of warning is to school trustees.

"We wish to take this opportunity of drawing the attention of the Trustees of the various school districts to the necessity of having some one during the winter time look after the firing in the schools in a safer manner. During the past year this company has paid for no less than 6 schools, which cost us over $18,000.00. This means that the loss ratio is practically 50 per cent. greater than the total amounts of premiums received on all school property, in fact the loss ratio on school property, not taking into consideration the overhead expense is 142½ per cent. Therefore, school trustees should see that greater precautions are taken as, if the loss ratio keeps up the same as during the past year, it will mean that the companies will either have to increase the rate very considerably or else have to decline school insurance."

Any farmers or householders who imagine that lightning rods are an infallible protection against fire are given a warning.

"We might also draw the attention of our policy holders to the matter of lightning rods. During the year we paid for the loss of one dwelling house and one barn that were struck by lightning and destroyed by fire, and two others that were damaged. These buildings were all fully equipped with lightning rods. The reason we are pointing this out is not to show that the lightning rods are of no use, but when the rods are being put on, it is absolutely essential that the farmers see that the rods are put down to permanent moisture and also, to see that the rods are properly maintained and repaired when necessary, while on the buildings."

Chimney Construction and Fires

Another paragraph deals with the very real problem of chimney construction and here again the company's experience should be of value in cutting down the fire hazard on farm property.

"Many queries have arisen this year over Continuous Chimneys. There appears to be some mistaken ideas in regard to these. We have always contended that to be perfectly safe a continuous chimney should be lined either with tile, cement or brick, because if not, in time the mortar joints are just as apt to burn out in a continuous chimney as in a bracket chimney; then there is a greater danger from settlement in a continuous chimney than in a bracket chimney on account of extra weight, which causes greater settlement. To show that our contention is correct, we will give our experience during the past year.

"We had 15 losses from defective continuous chimneys which cost us $26,000.00, or 15 per cent. of the total fire losses. Bracket chimneys—11 losses which cost us $9,819.00 or 5.3 per cent. of the total fire losses. Metal chimneys—7 losses which cost us $1,991.00 or 1.1 per cent. of the fire losses. We might state that our experience in unlined continuous chimneys has not been good."

In conclusion Mr. Whitaker urges farmers to build their buildings well apart from each other, because the company's experience during 1926, (which was an extremely dry and windy year) showed that losses were unnecessarily heavy, because entire properties, including outbuildings and dwellings, had been destroyed because they were built too close together.

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Compulsory Auto Insurance Has Yet to Prove Its Worth

The present extensive discussion of compulsory automobile liability insurance is not without some dangers.

The plea for this type of insurance evidently arises from a desire to curb two evils that are complementary to the growth of the automobile industry. The first evil is the growing number of highway accidents, and the second the number of uncompensated claims arising therefrom, on account of financially irresponsible motorists. The agitation thus inspired has caused one Canadian province and 21 American states to consider legislation on the subject, but the anomaly at once appears that compulsory insurance apparently cures neither of these evils.

A nation-wide investigation of this subject made on behalf of motorists and motor car manufacturers in the United States has revealed that there are no facts to indicate that compulsory insurance will reduce the number of accidents. The same investigation showed that there are likewise no available facts to show the amount of uncompensated losses due to motor accidents. As far as Canada is concerned, it is estimated that less than one per cent. of automobile accidents are uncompensated.

Why the present discussion? Is it all "sound and fury signifying nothing"?

Yes and no!

Yes, because in our present state of ignorance and with a lack of definite experiences on the subject it is well-nigh impossible to frame any intelligent legislation covering every automobile owner.

No, because there is a real and growing need to curb the reckless and financially irresponsible motorist. That the solution lies in compulsory insurance is exceedingly doubtful.

Too Little Yet Known About It

In the first place, compulsory auto insurance is "a pig in a poke" about which very little is known, and secondly, what is known about it is decidedly unfavorable toward it.

In spite of the fact that 21 American states are considering legislation on this subject, only one state (Massachusetts) has actually enforced a law, and in that state the law has only been operative for two months and as yet only half the total number of cars in the state have been registered under the new rules. Experts state that at least three years must elapse before any real experience can be derived from the new law as it operates in that state.

In the meantime, the rapid increase in automobiles and automobile accidents has precipitated an avalanche of argument on the subject. British Columbia has gone so far as to introduce legislation on the subject. The Ontario Motor League discussed it at its annual meeting this week. This argument has definitely shown that in so far as the United States is concerned, the great majority of organized opinion is opposed to compulsory automobile insurance. Automobile associations, motor manufacturers and dealers, and for the most part the insurance companies themselves, are protesting against this new form of compulsion. Their reasons are chiefly that there have been as yet no facts to show that such insurance will cure the two evils that have inspired the agitation.

Hope It Would Curb Accidents

The first evil that legislation has sought to curb is the number of automobile accidents. The Motor Vehicle Conference Committee of the United States, which is composed of the American Automobile Association, the Motor and Accessory Manufacturers' Association, the National Automobile Chamber of Commerce, the National Automobile Dealers' Association, and the Rubber Association of America, has made an exhaustive study along these lines but has been unable to find any facts which indicate that such insurance would reduce the number of automobile accidents.

The second aim of legislation and public opinion is to provide adequate monetary compensation for injuries to persons or damages to property caused by motor vehicle accidents. In other words, to protect the man in the street from the financially irresponsible car driver or owner. Here again this same association finds that "there are no facts or figures in existence which show the amount of uncompensated losses due to motor vehicle accidents," and in the absence of such facts they strongly oppose the compulsory insurance. Speaking on this subject in Toronto, T. P. Phelan, lawyer for the Ontario Motor League, who has been actively connected with this question for several years, stated that in his experience the number of uncompensated losses was less than one per cent. of the total number of accidents.

Insurance Companies Study Plan

If such is the case, and if subsequent experience confirms these views, the hope of enforcing compulsory liability insurance on all automobile owners seems very meagre. The real danger is believed to lurk not with the average motorist but with a relatively small percentage of careless and irresponsible drivers who not only cause the accidents in the first place, but who are in many instances unable to make amends for the damage they have done. At the present time the Canadian Casualty Underwriters' Association, the official organization of the tariff insurance companies writing this type of business, is making a thorough analysis of the situation, along with many motorists' organizations throughout the country. The Hon. G. S. Henry, the provincial minister of highways in Ontario, has also announced that he is studying the question. Until such time as there is definite knowledge on the subject, or some body of facts to substantiate the need for this type of insurance, there are no indications that the remedy for the present situation lies in compulsory liability insurance.

Canadian provinces should move slowly in the introduction of such legislation. There is no pressing need for undue haste and mistakes may be avoided by caution.

Canadian insurance companies would not, we are convinced, benefit under such a plan. They would be forced to surrender their present happy privilege of discrimination in the selection of risks. They might even find themselves thrown out of the automobile insurance business through the establishment of provincial compensation schemes, such as the Ontario Workmen's Compensation scheme in another field.

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TOTAL ASSETS $2,928,337.62

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SOME INSURANCE COMPANIES STAY OUT OF QUEBEC

Decline to Write Compensation Insurance on New Basis

"I have to inform you that after full consideration of the situation the directors of the company have decided not to undertake insurance of the liability of employers under the new Workmen's Compensation Act, which comes into force on April 1 next."

Judging by the number of letters similar to the above, that have been received by Quebec insurance agents in the past few weeks, the path of the compensator is a hard one. The new Quebec Compensation Act which goes into force in three weeks time has caused a storm of protest recently from the manufacturers. The new act increased the benefits to workmen in the province and the protest arose because of the rates which are to be charged by the insurance companies when the new law goes into effect. The manufacturers considered the rates an undue burden on industry.

However, the shoe now appears to be on the other foot, and the insurance companies are quietly refusing to take any chances in the Quebec field even at the so-called exorbitant scale of rates as laid down by the tariff companies.

Out of thirty companies which do business in this field of insurance. The Financial Post learns that so far only ten have decided to enter the field on March 1 next.

Of the other companies, nine have announced their intention of staying out of the field entirely, four more are only entering in a very limited way, and seven are as yet undecided. In the meantime it is understood that a mutual insurance company has been definitely formed to protect the interests of the small manufacturer by giving him compensation insurance at a rate which it is hoped will prove to be below the regular tariff of the line companies. Although this association is not officially connected with the Canadian Manufacturers' Association, it is understood that officials of that organization are actively engaged in promoting the venture.

THE ONTARIO EQUITABLE
LIFE AND ACCIDENT INSURANCE CO.
S. C. TWEED, *President*
HEAD OFFICE:
WATERLOO, ONTARIO

Assets (Dec. 31, 1926) $3,822,316
Reserves 2,422,896
Insurance in Force...33,050,441

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TOTAL BENEFITS
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Policies Issued from $1,000 to $5,000
G. R. BAILEY, Secretary — W. H. HUNTER, President — ALEX. STEWART, Treasurer

INCORPORATED A.D. 1851

Western Assurance Company

Fire, Inland Marine, Ocean Marine, Registered Mail & Tourists Floaters, Automobile, Burglary, Guarantee, Accident, Sickness, Liability and Plate Glass Insurance

FINANCIAL STATEMENT, JANUARY 1st, 1927

ASSETS		LIABILITIES		
Government Bonds	$1,442,656.94	Balances due other Companies	$ 335,698.23	
City Bonds	631,205.25	Losses under adjustment	1,277,604.21	
Railroad Bonds	470,230.00	Sundry Items	19,784.49	
Corporation Bonds	1,992,654.37			$ 1,633,086.93
Stocks	675,778.36	SPECIAL RESERVES		
Real Estate	200,290.00	For Taxes	$ 85,700.00	
Bills Receivable	3,486.11	For Expenses and Contingencies	176,165.42	
Accrued Interest	73,401.01	For Possible Unreported Losses	100,000.00	
Balances due from other Companies	52,459.42			$ 361,865.42
Cash in Banks and on hand	984,853.57	SECURITY TO POLICYHOLDERS		
Agents' Balances	916,990.25	Unearned Premium Reserve (on Canadian Government Basis)	$2,934,187.58	
		Capital Stock	1,400,000.00	
		Surplus	1,114,865.35	
				$ 5,449,052.93
	$7,444,005.28			$7,444,005.28

LOSSES PAID SINCE ORGANIZATION OF THE COMPANY IN 1851 ......$97,583,344.96

	1925.	1926.	Increase.
ASSETS	$6,902,013.83	$7,444,005.28	$541,991.45
POLICYHOLDERS' SURPLUS (including paid-up capital)	2,076,948.21	2,514,865.35	437,917.14
PREMIUM INCOME	5,015,719.17	5,282,319.76	266,600.59

Board of Directors

WILFRID M. COX, President of the Company

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COL. HENRY BROCK, Director, The W. R. Brock Co., Limited
ROBERT BICKERDIKE, Director, Canada Life Assurance Company
ALFRED COOPER, Late of Grahams & Co., East India Merchants
H. C. COX, President, Canada Life Assurance Co.
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T. G. McCONKEY, General Manager, Canada Life Assurance Co.
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J. LESTER PARSONS, Director, Fidelity Trust Co., N.Y.
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D. G. WAKEMAN, Director, British America Assurance Co.
E. WILLANS, Managing Director, Imperial Guarantee and Accident Insurance Co.
E. R. WOOD, President, Central Canada Loan and Savings Company
H. J. WYATT, Attorney-at-Law

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GEO. A. MORROW and HERBERT C. COX, Vice-Presidents;
C. S. WAINWRIGHT, Assistant General Manager; G. STUBINGTON, Secretary.

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Current Events in Banking World

YORATH ATTACKS BANKING SYSTEM TELLS EXPERIENCE

Head of Gas Companies Critical of Attitude of Banks

From Our Own Correspondent.

C. J. Yorath, a leading westerner, and an able student, is critical, in the address reported in this article, of the Canadian banking system.

This department would welcome letters from branch managers on either side of this question. They would be published anonymously.

LETHBRIDGE.—C. J. Yorath, president of the Canadian Western Natural Gas Company and student of economics and finance, in addressing the Lethbridge Board of Trade at its annual meeting criticized the banking system of Canada, claiming it was not elastic enough to provide credit for legitimate enterprise. Because of its rigidity, business expansion in the Dominion is being held back and the prosperity that Canada ought to be enjoying is not being realized, although Mr. Yorath saw some relaxation on the part of the banks. He hoped this was the beginning of a change for the better.

Mr. Yorath stated that the rapidity with which Canada will develop depends upon three factors, dependent to a large extent, of course, upon the action the governments will take with regard to taxation and immigration. These essential conditions were:

1. The development of our trade by restricting unfair competition of other countries.
2. An expansion of credit by our banks.
3. Protection of capital and the investor.

Mr. Yorath did not enter into a discussion of the first topic, as it was more or less a political issue. He did, however, make some pertinent observations on the latter two.

English System Rigid

He quoted Sir Henry Goschen and Sir Reginald McKenna, English financial leaders, as authorities to sustain his contention that the English system (the pattern of the Canadian banking structure) is not meeting the demands of the hour, arbitrarily restricting credit and reducing the supply of currency needed for the natural expansion of business. He made much of McKenna's question: "Why is it for the past six years we have suffered from trade depression and unemployment of almost unparalleled severity, while America has enjoyed great and increasing prosperity?" asked at the opening of his annual address to stockholders of the Midland Bank. Sir Reginald, said Mr. Yorath, held that the federal reserve system in the United States was superior to the English system because the British system was "more intent upon the technical maintenance of the gold market than it is upon the trade requirements, which should come first."

Continuing, Mr. Yorath said:

Thinks Banks Too Tight

"Business men will appreciate the significance of credit in the development of trade and commerce, and I am sorry to say that the policy of our Canadian banks during the past few years has been to sit tight on credit. However, time appears to have brought a new light on the horizon and the banks are adopting a broader policy, and with all the other indications of improvement in trade we may look forward to a substantial and greatly improved era of prosperity. I know from my own personal business experience with some of the banks that their attitude towards credit has done more to retard the development of business than any other factor. You know that some banks, even in cases of well established business, will not grant a line of credit unless securities are hypothecated as security for the loan equivalent to the amount advanced. That should not be the view of a bank. That kind of business should be handed over to its legitimate channel, namely, the moneylender.

"If our banks are not capable of sizing up the capabilities of a business and its earning power, and if a bank will not advance the necessary credit to take care of seasonal fluctuations in trade and assist in its development, then the progress of the country is bound to be retarded.

Got $100,000 Loan

"I will give you one personal experience to illustrate my point. We had developed a transmission line and laid a distribution system costing over $3,500,000. The cost of the undertaking was more than we had anticipated and, in consequence, we had taken up the reserve allowed for operation until such time as consumers had been got on the line and revenue was coming in. We applied to one of the largest banks in the country for a loan of $200,000, hypothecating our revenue as security. The application was refused. We then applied to another bank and our application was granted, but only for half the amount we had applied for. By stinting ourselves and a little tight finance, we were able to get through, and, to-day, in less than three years from the date of the original application, there is not a bank in that city which would not do anything to get the company's account. Of course, the bankers, like bond dealers, are the most courageous people in the world when they see success behind and have not to exercise a reasonable business judgment and take a little risk. It is no answer to this argument to say that the banks lost a lot of money as a result of free credit during the real estate boom of 1912-13. That was not for legitimate business development; it was unproductive and fictitious.

Security for Capital

"Next to the question of credit and bank loans, or perhaps prior to it, the most essential factor in the development of a country is the security of the capital. We may hold all the socialistic and revolutionary ideas we like about capital and its relations to the state, but we must not forget that while the present system of finance exists it is useless, if we wish to see the country develop as rapidly as the country to the south has done, for us to be continually undermining by legislation and regulation the security of the investor. In the United States no state law or regulation can be passed which is confiscatory of vested rights without appeal to the supreme court of that country. Their constitution so provides, and the investor knows that he has that protection. I know of many state boards similar to our board of public utility commissioners which have heard rate cases and, being influenced by public and political opinion, their decision has leaned toward a supposed concession in favor of the people, but which would result in the owners of the property being unable to earn a fair return on the capital invested. These decisions have been appealed and invariably reversed by the supreme court of the United States. It is only by the assurance which is thus given to the investor that you can hope to attract capital. I said 'supposed concessions' to the people, for, after all, they are only temporary and small compared with the advantage to all the people of security of vested rights.

"I can assure you that I did not utter one word in my address to the New York bankers about a recent decision made in this province and the fact that there was no appeal. Had I done so, all that I had previously said and all that I had shown them about the development of the country would have been dwarfed into insignificance. There is the acid test.

Alberta's Position

"In this province the legislature can pass any law which does not conflict with Dominion law, and the board of public utility commissioners can make any order within their powers, from which there is no appeal. How, then, can you expect capital to flow so freely or to be used in the development of the country in the same way as it does in the United States? Do not misunderstand me. I do not say that no capital will come into the country. There are always a number of bankers and investors who will take a chance. But I do say that the more conservative banker and investor will not allow his or her capital to be used in a country which provides so little security."

Three Banks in Town; All Change Names

Bank mergers have changed the names on many banking buildings in Canada. In Estevan, Saskatchewan, a very peculiar result has followed the mergers.

Estevan used to have branches of the Bank of Hamilton, of the Bank of British North America and of the Union Bank of Canada. Now it has branches of the Canadian Bank of Commerce, of the Royal Bank of Canada, and of the Bank of Montreal.

Thus every bank in Estevan has changed its name through a merger.

Staff Gossip

H. S. Delafosse, of the local Bank of Commerce staff, has been transferred to Milton, Ont.—Sachem, Celedonia.

* * *

Edmond Laurin, of the Bank of Nova Scotia staff here for some time, has left for Haileybury, where he has been transferred.—Times, Alexandria.

* * *

William H. Hiscock, manager of the Bank of Toronto, Brockville, for the past three years, has been transferred to Windsor.—Whig-Standard, Kingston.

* * *

After three years' service with the local branch of the Standard Bank, Patrick B. Lute has left for St. Catharines, where he will be accountant. — Free Press, London.

* * *

W. L. Caldow has resigned as manager of the local branch of the Standard Bank of Canada, and will go into the stock brokerage business in Toronto.—Telegraph-Journal, St. John.

* * *

L. F. Cross, for the past eight years manager at Amherst of the Canadian Bank of Commerce, is being transferred as manager of the branch at West Toronto, to take effect April 1.—Chronicle, Halifax.

* * *

D. C. Anderson, who has been acting as teller in the local branch of the Bank of Nova Scotia for some time, has been transferred to Kemptville, and J. Halkins, of the latter town, will occupy the local cage.—Chronicle, Arnprior.

* * *

Geo. E. Ewing, manager of the Bank of Commerce, leaves shortly for Sherbrooke, where he will assume his new duties for the bank as inspector of branches in the eastern counties.—Times-Journal, Fort William.

* * *

J. D. Smith, manager of the Nakusp branch of the Canadian Bank of Commerce for nearly two years, has received word of his transfer to the main office in Vancouver. Mr. Allen, an Alberta man, will replace him at Nakusp.—News, Nelson.

* * *

S. B. Chamberlain has been appointed manager at the Calgary branch of the Bank of Toronto. He has had over 20 years' experience in the West and comes here from Winnipeg, where he was for several years western inspector.—Herald, Calgary.

* * *

M. E. Sowden, formerly manager of the Port Arthur branch of the Bank of Hamilton, and for the past two years in the Winnipeg office of the Bank of Commerce, has been appointed manager of the North Vancouver branch of the bank.—Times-Journal, Fort William.

* * *

W. E. Blythe, who has been teller at the local Bank of Montreal for the past two years, and previous to coming here acted in the same capacity on the Bank of Montreal staff at Trail, has been transferred to the main office of the bank at Vancouver.—Miner, Rossland.

* * *

On the initiative of the board of trade, of which he has been a councillor for many years, D. M. Kydd, manager of the Canadian Bank of Commerce at Virden, Man., since 1917, was farewelled by representative citizens recently. He was presented with a coffee percolator, and electric reading lamp, both in handsome silver. He has been transferred to Truro, N. S. He was trustee of the school district, and active in golf and other sports.—Chronicle, Halifax.

* * *

The Bank of Toronto announces the appointment of C. R. Latimer, of Calgary, as manager of their main branch in this city, succeeding the late Fred C. Field.

Mr. Latimer has had a wide and successful experience since entering the bank in 1892. After serving in many of the important branches in junior positions, in 1905 he was appointed manager at Gaspe, Que. From that point he was transferred to the management of Barrie branch in 1909. Two years later he took over the management of Calgary branch, which position he has successfully held ever since, and during which time he built up an extensive connection for his institution.—Advertiser, London.

* * *

R. A. Thompson, manager of the Bank of Montreal, Kamloops, will retire from that position as at April 1, after twenty-nine years' service, spent in many places. For some years his health has been indifferent, although it has been greatly benefited by residence in this climate. Owing to Mr. Thompson's physical condition, however, the directors have resolved to pension him, and he will leave with the regrets of his colleagues and the many customers of the bank.

Mr. Thompson joined the service of the Bank of Montreal in 1898 at Moncton, N. B., and from there went to Toronto; he has been in the offices of the bank in different capacities at St. Mary's, St. John, N. B.; New York, Charlottetown, St. John's, Nfld.; Sydney, N. S., and Port Arthur. He came here as manager in May, 1916. E. J. White, manager at Merritt, is Mr. Thompson's successor.—Sentinel, Kamloops.

SUGGESTS CHARGE FOR MAINTENANCE CURRENT ACCOUNT

Most Small Accounts Unprofitable, Declares Western Banker

By a Winnipeg Banker.

To make a service charge or not for operating current accounts is a perplexing question for many bankers and the solution is not easily arrived at.

There is not much doubt but that the majority of personal accounts carried in the current account ledger are unprofitable if considered only from a dollar and cent standpoint; however, there are sometimes collateral advantages which offset the loss in some way, or make it undesirable to charge for operating the accounts. Notwithstanding this, it is felt that if a careful review of the situation were made it would be found that these advantages are frequently over-estimated or non-existent, and that the bank's revenue has been considerably diminished by considering them.

Many bankers think that the operation of a current account for a customer is a service he should pay for; that each department of the bank should be self-supporting; and that because a customer borrows, or has a savings account is no reason why his current account should be carried at a loss.

English Banks Charge Fee

It is only in recent years that the Canadian banks have been making a service charge and in any cases they have not attempted to enforce this rule on their old accounts, but only apply it to new business. The custom of English banks is to charge a percentage on the turnover of the account. Many American banks are also now making a service charge for operating deposit accounts. Information is not easily available in regard to the practice in other countries, but we know that it is not as easy to open a banking account abroad as it is in Canada, and consequently the banks there will not have as much trouble in this connection as we do.

During recent years the banks have advertised more or less extensively in order to attract checking accounts. They have been successful in this respect, but they now find that many of these accounts are unprofitable, and in some cases are beng carried at a loss. Realizing their mistake in soliciting the accounts, they now want to make an operating charge after asking for the business. This is the argument against making a service charge as explained by one banker. It is not a sound argument. There should be adequate compensation for services rendered. Everyone will admit that it is in the interests of society in general that all businesses operate on a sound basis. The profits in one department of a business should not be considered as an offset for the losses in another department. Each department and each unit in the department should function profitably. Any other policy will in time prove disastrous.

Cost statistics for each bank and each branch will vary, but a careful analysis will probably show that it costs at least five cents to put each cheque through the current account ledger.

As an example of the cost of operating a private checking account, we will consider a simple case which will indicate one method of telling whether an account is profitable or not. We will consider that a bank can only lend 85 per cent. of the average balance maintained because a cash reserve of at least 15 per cent. should be kept; and that money is worth 5 per cent., as government bonds can be purchased to yield this rate. As a matter of fact, short term bonds yield only from 4 to 4 50 per cent. Our customer deposits $125 in cash on the first and fifteenth of each month, and issues ten cheques monthly; his average daily balance being $80. The bank can lend $63 of this amount, which will yield during the course of a year $3.40; in the same time he will have issued one hundred and twenty cheques at a cost of $6, which will leave a net loss on the account of $2.60.

In order to fully understand what this means to a bank we have only to multiply the results of this case by 100 which could easily be the number of similar accounts carried in the ledger, and then multiply this result by the number of branches the bank has and we can see that over a period of years the figures will be startling, and the drain on the bank's resources considerable.

Not as Difficult as it Seems

The banks should courageously face this situation, and attempt to put all their accounts on a profitable basis so as to stop this serious leak on their profits. I believe they would have less trouble than many anticipate. Most people are inclined to be fair in their dealings, and if they are shown at an opportune time that the bank is carrying their account at a loss they will be prepared to pay standard charges for services received, or maintain an adequate balance. Many managers have found that the service charge has increased their minor profits considerably, but there are still some bankers who have overlooked this means of increasing their revenue.

At several branches that I know of, it is considered that an average balance of $200 should be kept, and with any new accounts the customers are told they will have to keep this balance or else their account will be charged fifty cents or one dollar per month as an operating charge, depending on the number of entries in the account, and the balance carried.

By energetically applying themselves to the solution of this and similar problems, the banks can increase their minor profits considerably without very much extra effort.

Weekly Bank Clearings

(In comparison with the same week last year)

Eastern Cities

	Mar. 4, 1926	Mar. 3, 1927
Halifax	$ 3,031,692	$ 2,901,388
St. John	2,711,691	2,377 967
Moncton	719,620	915,774
Quebec	7,313,942	5,837,166
Sherbrooke	944,837	866,749
Montreal	118,812,713	106,816,735
Ottawa	6,246,247	6,201,725
Kingston	713,630	1,202,587
Chatham	450,554	761,615
Peterboro'	660,760	796,233
Toronto	102,030,380	118,737,170
Hamilton	4,815,620	5,294,102
Brantford	1,071,877	1,206,141
London	2,680,922	2,950,880
Kitchener	973,294	1,202,587
Windsor	3,492,359	3,820,972
Total, East	$256,720,138	$261,919,791
Sarnia	....	632,959

Western Cities

	Mar. 4, 1926	Mar. 3, 1927
Fort William	$ 810,824	$ 833,705
Winnipeg	44,470,419	46,041,478
Brandon	453,541	451,388
Regina	3,161,066	3,497,886
Moose Jaw	1,080,328	1,084,877
Saskatoon	1,714,705	1,711,557
Prince Albert	374,674	407,458
Lethbridge	524,966	445,607
Calgary	7,893,654	7,775,411
Edmonton	5,916,350	5,017,965
Medicine Hat	239,747	306,968
N. Westminster	833,132	806,156
Vancouver	16,679,801	17,776,194
Victoria	1,902,477	2,206,791
Total, West	$86,055,682	$88,363,441

More Bank Branches Opened in February

Nine new branches were opened by the Canadian chartered banks during the month of February, while during the same period six branches were closed.

The Royal Bank reports that the branch at Theodore was formerly operated as a sub-branch, but with the transfer of business from the Sheho branch it is now being conducted as a branch.

Following is a list of the branches opened and closed during the month:

Opened

Can. Nationale—St. Vital, corner Grand Boulevard and Rome St., Montreal.

Commerce—Phillips Square, Montreal; Berwyn, Alta.; Tenth and Sasamat, Vancouver.

Montreal—Rimouski, Que., Park Avenue Extension, Montreal

Royal—Windsor, South Branch, Vancouver, Hastings St. and Nanaimo Road, Theodore, Sask.

Closed

Commerce—Juliette, Que.

Royal—Sheho, Sask.; Bow Island, Alta.; Edmonton, Alberta Ave. and 95th; Jovellanos, Cuba; Zulueta, Cuba.

Financial Assistance

to Estates being administered by it

PAID UP CAPITAL AND RESERVE $1,259,430.36

The Imperial Canadian Trust Co.

Executor, Administrator, Assignee, Trustee, Etc.

Head Office: Winnipeg
Branches: Saskatoon and Calgary

CLARKSON, GORDON & DILWORTH
CHARTERED ACCOUNTANTS
E. R. C. CLARKSON & SONS
Authorised Trustees and Receivers
15 WELLINGTON STREET WEST TORONTO
TORONTO MONTREAL

INVEST YOUR SAVINGS
in a $5\frac{1}{2}$% DEBENTURE of The Great West Permanent Loan Company

$5\frac{1}{2}$% Interest Return

SECURITY
Paid-up Capital $2,414,683.00
Reserves 1,100,000.00
Assets 6,184,420.00

HEAD OFFICE, WINNIPEG
Branches: Toronto, Regina, Calgary, Edmonton, Vancouver, Victoria, Edinburgh, Scotland.

OSLER & HAMMOND

F. G. OSLER
H. F. MARRIOTT
G. T. CHISHOLM
H. FRANKS

Stock Brokers and Financial Agents

Members { Toronto Stock Exchange / Montreal Stock Exchange

21 JORDAN STREET, TORONTO

INCORPORATED A.D. 1833

BRITISH AMERICA ASSURANCE COMPANY

Fire, Inland Marine, Ocean Marine, Registered Mail & Tourists Floaters, Automobile, Burglary, Guarantee, Accident, Sickness, Liability and Plate Glass Insurance

FINANCIAL STATEMENT, JANUARY 1st, 1927

ASSETS

Government Bonds	$ 847,092.58
City Bonds	303,591.33
Railroad Bonds	119,110.00
Corporation Bonds	640,030.00
Stocks	1,275,543.75
Real Estate	225,489.99
Accrued Interest	26,700.49
Balances due from other Companies	15,950.66
Cash in Banks and on hand	472,867.05
Agents' Balances	448,992.83
Rents due	52.50
Bills receivable	296.60
	$4,375,717.78

LIABILITIES

Balances due other Companies	$ 150,435.60	
Losses under adjustment	535,851.01	
Sundry Items	6,287.09	
		$ 692,573.70
SPECIAL RESERVES		
For Taxes and Contingencies	$ 61,026.23	
For Unreported Losses	30,000.00	
		$ 91,026.23
SECURITY TO POLICYHOLDERS		
Unearned Premium Reserve (on Canadian Government basis)	$2,311,672.44	
Capital Stock	750,000.00	
Surplus	530,445.41	
		$3,592,117.85
		$4,375,717.78

LOSSES PAID SINCE ORGANIZATION OF THE COMPANY IN 1833.......$61,201,792.67

	1925	1926	Increase
ASSETS	$3,945,585.80	$4,375,717.78	$430,131.98
POLICYHOLDERS' SURPLUS (including paid-up capital)	1,049,564.44	1,280,445.41	230,880.97
PREMIUM INCOME	3,590,880.42	3,809,042.48	218,162.06

Board of Directors

WILFRID M. COX, *President of the Company*

SIR JOHN AIRD, President, Canadian Bank of Commerce
D. B. HANNA, President, Western Canada Flour Mills Company, Limited
MAJOR-GENERAL SIR HENRY PELLATT, C.V.O., Director, Western Assurance Co.
COL. HENRY BROCK, Director, The W. R. Brock Co., Limited
MILLER LASH, K.C., Barrister, of Messrs. Blake, Lash, Anglin & Cassels
W. D. ROBB, Vice-President, Canadian National Railways
ROBERT BICKERDIKE, Director, Canada Life Assurance Company
T. G. McCONKEY, General Manager, Canada Life Assurance Company
D. G. WAKEMAN, Director, Western Assurance Co.
ALFRED COOPER, Late of Grahams & Co., East India Merchants
GEO. A. MORROW, President, Imperial Life Assurance Company
E. WILLANS, Managing Director, Imperial Guarantee and Accident Insurance Co.
E. R. WOOD, President, Central Canada Loan and Savings Company
H. C. COX, President, Canada Life Assurance Company
J. LESTER PARSONS, Director, Fidelity Trust Co., N.Y.
H. J. WYATT, Attorney-at-Law

Officers

WILFRID M. COX, *President and General Manager;*
GEO. A. MORROW and HERBERT C. COX, *Vice-Presidents;*
C. S. WAINWRIGHT, *Assistant General Manager;* G. STUBINGTON, *Secretary.*

Board at London, England

ALFRED COOPER, *Chairman;* RT. HON. LORD CABLE; SIR CHARLES JOHNSTON, BART. BERNARD A. WHITE

British and Foreign Offices: 14 Cornhill, London, E.C.
W. A. MILES, *Manager.*

Head Office, 16-22 Wellington Street East, Toronto

THE NATION'S BUSINESS

(Continued from page 1)

respected journalist. He got his training under and was close to the late Lord Northcliffe. He was with him in Canada and the United States during the war and wrote two articles at that time for The Financial Post. Because of connections he made then and since among the leaders in American industry and labor, and the frankness with which they trusted him, they would discuss conditions with him, his article is of special interest.

* * *

MR. FYFE refers to the high level of wages in the United States, paid without grumbling because industry there appreciates the connection between spending power and prosperity. The rise in wages by itself would have done much to keep all American factories busy. Necessaries of life and luxuries alike sold as they had never sold before.

It occurred to restless minds, says Mr. Fyfe, that the process of expanding production might be speeded up. Workers would be induced to purchase more freely by letting them anticipate their future wages. So instalment selling developed, a method capable of continuous expansion, so long as purchasers kept up their payments and went on pledging slices of their income. So far these conditions have been fulfilled. The snag is that these purchases are being made in the assumption that wages and profits will remain what they are to-day.

Mr. Fyfe sees a testing time coming. These are signs of some business decline. If employers maintain wages at all cost then a crash may be averted; America will pull through; production will be maintained. "This will be the testing time of the new doctrine that connects high wages with national prosperity. It will be seen then whether employers have really accepted it or not."

* * *

SOME corroboration of Mr. Fyfe's news now comes from the International Labor Office. Its deputy director, H. B. Butler, visited the United States to study industrial conditions. According to a London Times summary one paragraph of his report reads:

"Almost every employer to whom I spoke emphasized his belief in the payment of high wages, both as being an incentive to production and as creating purchasing power among the workers, which maintained prosperity. It may be doubtful, however, whether wages would have reached their present level unless there had been a considerable shortage of labor..... The employers now have generally accepted the principle that it is good policy to avoid reducing wages, if possible; that piece rates for the same job should never be lowered, and that economies should be looked for in every other department before touching them. This in itself represents a change of emphasis that may become important when times of slack trade set in."

* * *

MR. SHANKS, a Glasgow economist, does not entirely agree with Mr. Fyfe. He points out that one very important reason for prosperity often forgotten, is the huge concentration of gold in the United States: that the instalment system of purchasing is but a last effort to maintain the business in its present prosperous condition, which is further inflation which will reach a limit and may end in a financial crisis; that because of the Prohibition Law the great mass of Americans have money to spend on domestic needs and personal luxuries. (Many Americans think this is the chief factor in their present industrial prosperity). Mr. Shanks disagrees entirely with Mr. Fyfe's new doctrine of high wages. Experience shows, he says, that when business falls off employment is the first result, which must inevitably be followed by lower prices and wages; but he points out that nowadays wages are the very last items touched in England where profits have disappeared in many businesses, and capital has been reduced but the rate of wages has remained the same. In the United States capital conditions are different from Europe in that a very considerable portion of capital is the savings of the workers and retired working classes and they would not be so disposed to bear the whole loss in periods of non-prosperity.

The intervention of the Federal Reserve Board is a new factor that has from time to time been used to carry over a dull period, but it is also a danger unless controlled by thoroughly independent upright men.

* * *

ANOTHER viewpoint is provided by an American industrialist who declares high wages have followed the upward trend of productivity and have been the result rather than the cause. Increased productivity, they generally agree, arises from greater efficiency of workers and the use of labor-saving devices. They point out that instalment selling is not new, although receiving undue prominence to-day. The Singer Sewing Machine were selling machines on that plan as far back as 1856 and to-day instalment debt was equal to only 4 per cent. of the national income.

One of the most promising features of the situation, in the opinion of one observer, is the tendency to caution, as evidenced by hand-to-mouth buying and the attempts of trade associations and other bodies to keep production and distribution within "gunshot" of each other.

* * *

IN ANY extensive scheme of British preferences, Australia and Canada will be important factors; may indeed be the two nations that will have to take the initiative in bringing the different British nations together in an economically united British Empire, strong in Imperial commerce. Premier Stanley Bruce of Australia has already expressed himself as in favor of virtual free trade within the Empire; for a strong system of Imperial preferences that would enable countries like Canada and Australia to tap to full advantage the enormous buying power of the Empire.

Sir Hugh Denison, Australian commissioner to the United States, stands for much the same policy. In a private interview with The Financial Post this week, he brought out very strongly his views on the subject of Imperial trade, which he touched on only lightly in his public addresses during his visit to Canada.

Sir Hugh R. Denison is a native-born Australian. Prior to his appointment as Australian Commissioner he was an outstanding figure in the business, political, journalistic and sporting life of that country. He is perhaps best known to the outside world as managing director of the Sydney Sun, one of the greatest newspapers in Australia. In recognition of his public services to Great Britain and Australia, he was made a Knight of the British Empire in 1923.

* * *

"I THINK we should have in the British Empire a system of extreme preferences," said Sir Hugh. "By that I mean that we should go as far in granting preferences to one another as we can possibly go without destroying the vital industries in any one country.

"This can not be achieved overnight. First of all, we will have to arrive at some unity in the standard of living throughout different countries in the Empire. I refer particularly to the English speaking countries; we can leave India and the Straits Settlements out of the discussion at the present time. We must also have some system of protective tariff in Great Britain. This is bound to come, I think. The leading British statesmen have pledged themselves to the protective system and the labor leaders are swinging over. The Free Trade England of the past is bound to go, because England no longer enjoys its splendid freedom from competition in manufacturing and in the use of steam power and manufacturing. When we have achieved these things, we can use preferential tariffs to bring about an economic cohesion of the British Empire that will mean strength in every direction."

* * *

THESE views, coming from Sir Hugh Denison, are of particular interest to Canadians because some time ago he was quoted as having suggested to the United States a trade treaty between Australia and the United States that would have brought those two countries into very close economic relationships and virtually have left Canada out of the picture. When asked to interpret the suggestion he is alleged to have made, Sir Hugh made it clear that his intention was far from joining Australia and the United States in close trade links, with Empire trade taking second place.

"I did hold out the olive branch to the United States," he told The Financial Post, "but not in the manner that Canadian newspapers have evidently assumed. I told the united chambers of commerce in my address that Australia was tired of buying $200,000,000 worth of goods each year from the United States and selling only $45,000,000 in return. I told them that Australia would probably correct the situation by putting its tariff up so high that the United States could only get behind it by building branch factories in our country or by arranging some closer trade agreement that would be mutually advantageous and make the balance of trade less unfavorable to Australia."

* * *

SIR HUGH did not think that such a treaty would hurt Empire trade. No such arrangement, he thought, ought to bring into competition goods that were being manufactured in the Empire. It was suggested that this left out practically nothing but he thought that there were many lines that the United States produced that were not to be had in the Empire.

Sir Hugh Denison adds a very strong voice to the discussion of the closer development of the economic side of Imperial relations. He, like many Canadians, was much disappointed that the recent Imperial Conference produced so little of practical, economic benefit. "But an Imperial Conference, concerned chiefly with questions of status, is not the place to work out Imperial preferences. The premiers will do more by sitting around a table and talking trade and commerce in a conference devoted solely to economic problems," he said.

FOREIGN EXCHANGES

Canadian Funds Touch Low Point

Conducted by S. J. ZACKS.

Quite a flurry occurred this week in Canadian funds when the discount touched the lowest point in three years, namely 13/64 per cent. Many vague and erroneous explanations were afloat which did a certain amount of harm, but certainly can leave no lasting imprint. Flurries of this nature help very little toward maintaining the stability of Canada's business and credit. American newspapers shouted loudly of a new gold embargo having been ordered by the department of finance, and some even wondered if Canada was going off the gold standard.

As a matter of fact, what actually happened was that some American bank wanted gold of a certain description which was not available at Montreal, and it would have taken a day or so to bring down gold from Ottawa at an additional expense of $250 per $1,000,000 of gold. It is understood that sovereign holdings at Montreal were substantial at the time. The failure of federal authorities to maintain sufficient gold of all descriptions at Montreal has brought forth an accusation that the government has been trying to hinder the free movement of gold. This has been officially denied. Canadian banks as a rule do not maintain large gold holdings in Montreal, since most of the cash in the bank is in the form of legal tender which, of course, is convertible into gold at Ottawa.

Some $45,000,000 of gold, it is said, has left Canada since the first of the year. The seasonal flow, however, is just about over, and it is not expected that the Canadian government will have to negotiate its loans in New York at once instead of November.

Continentals displayed a firm undertone during the week, with Spanish pesetas exceptionally strong and entering new ground. Pesetas touched the highest point in seven years during this week, when speculative buying followed measures taken by the Spanish treasury to reduce private gold imports.

Yen and Argentine pesos both made further gains. Pesos crossed parity for the first time since June, 1920. Buying appeared to be due to commercial demands, plus remittance of funds resulting from Argentine loans at New York.

Yen was strong, closing Wednesday at 49.24 cents. Neither reports of the earthquake nor reduction in the discount rate had any disturbing effect on the rate. The reduction of the discount rate counteracted any disturbance which the earthquake might have had. The lower discount is thought in many quarters to be a forerunner of the removal of the gold embargo and the return to the gold standard.

NEW YORK FUNDS

	High	Low	Last Year High	Last Year Low
Mar. 3	13-64	11-64	5-8	33-64
Mar. 4	3-16	11-64	39-64	17-32
Mar. 5	3-16	11-64	17-32	17-32
Mar. 7	3-16	11-64	17-32	1-2
Mar. 8	3-16	3-16	1-2	15-32
Mar. 9	3-16	3-16	15-32	3-8

STERLING FRANCS, AND LIRE

	Sterling Close	Francs Close	Lire Close
Mar. 3	4.84⅞	3.91	4.39¼
Mar. 4	4.84⅞	3.91	4.40¼
Mar. 5	4.84⅞	3.91	4.38⅜
Mar. 7	4.84 15/16	3.90⅞	4.39¼
Mar. 8	4.84¼	3.91¼	4.41
Mar. 9	4.84⅞	3.91	4.44¼

FOREIGN EXCHANGE

Par		Mar. 2	Mar. 9
19.30	Italian	4.38	4.46
32.45	Brazilian	11.85	11.87
23.82	German	23.74	23.76
19.30	Belgium	2.79	2.79
84.85	Japan	49.05	49.20

CANADIAN COMPANIES PLAN GIGANTIC SALES MERGER IN NEWSPRINT

(Continued from page 1)

panies which would not reduce prices. The negotiations presently underway are regarded on all sides as constructive, and if successfully consummated, will in the end benefit the holders of newsprint securities.

It is felt also that publishers in the United States would welcome such a move which, while it would tend to stabilize newsprint prices would not, on the other hand, result in anything approaching the nature of a combine. While the proposed concentration of sales is a gigantic conception, yet there are far too many producers in Canada, let alone in the U. S., which are not included in the association to permit anything approaching the raising of prices. The whole move is simply one which in the end would tend to stabilize prices and production.

Trail Smelter Receipts

Ore receipts at Trail Smelter from 22nd Feb. to 28th Feb., 1927, inclusive, and from 1st Jan., 1927, to date, in tons, are as follows:

Company's mines	13,714	76,356
Other mines	3,090	28,117
	16,804	104,473

BUFFALO QUOTATIONS

Bonds	Bid	Asked
Bfo-Ft. Erie Bdge 7s '55	107½	108½
Do 8s '45	106½	108
Buff Gen Elec 1st 5s '39	104	...
Do pref 5s '39	104	...
Bfo N & E Pow 5s '30	99	100¾
Lockport L H & P 5½ '54	103	...
Niag Lock & Ont 1st '55	100	101
Do 1st & con 6s 1950	105	106
STOCKS		
Niagara Falls Pow pf	28	28¾
Niag Lock & Ont pf	113¼	114½

PETROLEUM ROYALTIES Company

Monthly Dividend Notice

The regular monthly dividend of 1% and bonuses of ½ of 1% will be paid on the Guaranteed First Participating 12% Preferred Shares of Petroleum Royalties on April 1st to Shareholders of record March 25th.

This gives total dividend distribution for the month of March of 1½% on the Preferred Shares.

J. RUFFER, Secretary.

Mid-Continent Bond Corporation,
331, Bay Street,
Toronto 2, Canada

The International Nickel Co.

A quarterly distribution of $.50 on the common stock has been declared this day, payable March 31, 1927, to Common stockholders of record at the close of business March 17, 1927.

JAMES L. ASHLEY,
Secretary and Treasurer.

INTERNATIONAL PAPER COMPANY

New York, N.Y., February 23, 1927.

The Board of Directors have declared a regular quarterly dividend of one and three-quarters per cent. (1¾%) on the Cumulative 7% Preferred Stock of this Company, and a regular quarterly dividend of one and one-half per cent. (1½%) on the Cumulative 6% Preferred Stock of this Company, for the current quarter, payable April 15th, 1927, to holders of record at the close of business April 1st, 1927. Checks will be mailed. Transfer books will not close.

OWEN SHEPHERD, Treasurer.

Provincial Paper Mills Limited

Notice is hereby given that Dividends have been declared by PROVINCIAL PAPER MILLS LIMITED, as follows:

Regular Quarterly Dividend 1¾% on Preferred Stock;

Regular Quarterly Dividend 1½% on Common Stock.

All payable April 1st, 1927, to shareholders of record as at close of business March 15th, 1927.

(Signed) W. S. BARBER,
Secretary.

Dominion Power and Transmission Co. Limited

Dividend No. 62

A Dividend of one and three-quarters per cent. (1¾%) on the Preference Stock of Dominion Power and Transmission Company, Limited, has been declared for the quarter ending March 31st, 1927, payable April 16th, 1927, to Shareholders of record of March 24th, 1927.

By order of the Board.

GEORGE D. FEARMAN,
Secretary.

Hamilton, Ont., 7th March, 1927.

Tenders for Town of New Toronto Debentures

Sealed tenders addressed to the undersigned will be received up to 12 o'clock noon, March 21, for the following debentures payable in equal annual instalments of principal and interest.

Pavement, $70,750, 15 years, 5%.

Street extension, $7,650, 20 years, 5%.

The highest or any tender not necessarily accepted.

W. B. CURTIS.
Treasurer.

CANADIAN CAR & FOUNDRY COMPANY, Limited

DIVIDEND NOTICE

Notice is hereby given that a dividend of one and three-quarters per cent. (1¾%) on the paid up Preference Stock of the Company for the quarter ending March 31st, 1927, has been declared, payable on the 9th day of April, 1927, to Shareholders of record on the 25th day of March, 1927.

By Order of the Board,

A. C. BOURNE,
Secretary.

Montreal, March 8th, 1927.

NATIONAL GROCERS COMPANY LIMITED TORONTO

Dividend No. 6

Notice is hereby given that a dividend of two per cent., being at the rate of eight per cent. per annum, upon the First Preference Stock of this Company has been declared payable April 1st, 1927, for the quarter ending March 31st, 1927, to shareholders of record at the close of business March 15th, 1927.

Transfer books will be closed from March 16th to March 31st, 1927, both days inclusive.

By order of the Board of Directors.

A. C. PYKE,
Secretary-Treasurer.

OTTAWA LIGHT HEAT & POWER COMPANY, LIMITED

DIVIDENDS

Notice is hereby given that the usual dividends have been declared for quarter ending March 31st, 1927, payable to Shareholders of record March 15th, as follows:—

PREFERRED STOCK: 1⅝%, (being at the rate of 6½% per annum), payable April 1st, 1927.

COMMON STOCK: 1½%, (being at the rate of 6% per annum), payable March 31st, 1927.

The transfer books will not be closed.

By Order.

F. W. FEE, Secretary-Treasurer.

Ottawa, March 8th, 1927.

ROUYN CLAIMS FOR SALE

95 mining claims, located best sections of Duprat, Dufresnoye and Montbray townships. Maps and full particulars upon request. Inquiry solicited. V. E. J., P.O. Box 24, Station B, Quebec City.

Trust Company Officer

for good reasons seeks a change. If any Insurance, Trust Company or Financial Institution needs an experienced executive give me an opportunity of presenting my qualifications. Please address

Box 414, FINANCIAL POST,
Toronto, Ont.

The International Nickel Co.

NOTICE OF ANNUAL MEETING

Notice is hereby given that the Annual Meeting of the Stockholders of The International Nickel Company will be held at the office of the Company, at Oak Street, Bayonne, New Jersey, on Tuesday, March 15, 1927, at eleven o'clock in the forenoon, for the purpose of electing five directors to hold office for three years and for the transaction of such other business as may come before the meeting, including considering and voting upon the approval and ratification of all contracts, acts and proceedings of the Board of Directors and of the Executive Committee of this Company since the last Annual Meeting of Stockholders, as set forth in the minutes of the Board of Directors and of said Committee, which will be open to examination at the meeting by stockholders of record.

By order of the Board of Directors.

JAMES L. ASHLEY, Secretary.

Bayonne, New Jersey, January 21, 1927

Dividend Notice

The British American Oil Company Limited

Notice is hereby given that a dividend of Twenty Cents (20c.) per share has been declared on the new No Par Value stock of the Company for the first quarter of 1927 on the paid-up capital of the Company. The above dividend is payable April 1st, 1927, to Shareholders of record at the close of business on the 15th day of March, 1927. Transfer Books will be closed from the 15th to the 31st of March, both days inclusive.

Share Warrant Holders will present Coupon Serial No. 1 to The Royal Bank of Canada, 68 William Street, New York City, or to The Royal Bank of Canada, Toronto, Ontario, on or after April 1st, 1927.

By order of the Board.

P. W. BINNS,
Secretary.

Dated at Toronto, March 7th, 1927.

Holt Renfrew & Co. Limited

DIVIDEND NOTICE ON PREFERRED STOCK

Notice is hereby given that Dividend No. 31, amounting to 1¾% on the Preferred Shares of the Company, has been declared, payable on the 1st day of April, 1927, to shareholders of record at the close of business on the 25th of March, 1927.

By order of the Board.

R. B. LINDSAY,
Secretary-Treasurer.

Montreal, March 8th, 1927.

Barcelona Traction Light and Power Company, Limited

(Incorporated Under the Laws of Canada)

Notice is hereby given that the Board of Directors of the Barcelona Traction, Light & Power Company, Limited, have declared a dividend of one and three-quarters per cent. (1¾%) on the 7% Non-Cumulative Participating Preference Shares of the Company, payable on the 31st March, 1927, to all Shareholders of record at the close of business on the 21st March, 1927.

Dated at Toronto, Canada, 7th March, 1927.

R. H. MERRY,
Secretary.

NOTE:

The Transfer Agents of the Company are National Trust Company, Limited, Toronto, Canada.

The London Agents of the Company are the Canadian & General Finance Company, Ltd., 3 London Wall Buildings, London, E.C. 2.

The Trinidad Electric Company, Ltd.

Notice is hereby given that a dividend of 1¼% for the quarter ending March 31st, 1927, on the Capital Stock of the Company has been declared.

Warrants will be issued and mailed to the address of each Shareholder and are payable at the Royal Bank of Canada, Halifax, N.S., on and after the 10th of April, 1927.

The transfer books of the Company will be closed from the 1st to the 10th of April, 1927, both days inclusive.

By order of the Board.

F. B. OXLEY,
Secretary.

The NORTHERN MEXICO POWER & DEVELOPMENT COMPANY, Limited

NOTICE IS HEREBY GIVEN THAT a quarterly dividend of ONE and THREE-QUARTERS (1¾) per cent. has been declared on the Preferred Stock of The Northern Mexico Power & Development Company, Limited, payable April First next, to shareholders of record at the close of business on the 22nd day of March, 1927.

A Dividend of One (1) per cent. on the Common Stock of the Northern Mexico Power & Development Company, Limited, has this day been declared payable on the Fifteenth day of April next to shareholders of record at the close of business on the 31st day of March, 1927.

BY ORDER,

T. A. SPOOR, Secretary.

MONTREAL TRAMWAYS COMPANY

ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the shareholders of the Montreal Tramways Company will be held at the Company's offices, Tramways Building, 78 Craig Street West, Montreal, at 12 o'clock noon, on Tuesday the 29th day of March, 1927, for the reception of the Report for the fiscal year ended December 31st, 1926, election of directors, and the transaction of such other business as may legally come before said meeting.

The transfer books will be closed from the 9th to the 28th day of March, both days inclusive.

By Order of the Board,

PATRICK DUBEE,
Secretary-Treasurer.

February 23rd, 1927.

The Toronto Mortgage Company

Quarterly Dividend

Notice is hereby given that a Dividend of Two and one-half per cent., being at the rate of Ten per cent. per annum, upon the paid-up Capital Stock of this Company, has been declared for the current Quarter, and that the same will be payable on and after

1st April, 1927,

to Shareholders of record on the books of the Company at the close of business on 15th instant.

By order of the Board,

WALTER GILLESPIE,
Manager.

The Toronto General Trusts Corporation

DIVIDEND NO. 123.

NOTICE is hereby given that a dividend of three per cent. (3%), has been declared upon the paid-up capital stock of this Corporation for the quarter ending March 31st, 1927, being at the rate of

TWELVE PER CENT. PER ANNUM.

and that the same will be payable on and after Friday, the first day of April, 1927. The Transfer Books of the Corporation will be closed from Thursday, the 17th day of March, until Thursday, the 31st day of March, both days inclusive.

By order of the Board of Directors,

W. G. WATSON,
General Manager.

Toronto, March 1st, 1927.

The Dominion Bank

Notice is hereby given that a Dividend of three per cent. upon the paid-up Capital Stock of this Institution has been declared for the quarter ending 31st March, 1927, being at the rate of twelve per cent. per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Friday, the 1st day of April, 1927, to shareholders of record of the 19th March, 1927.

By order of the Board.

C. A. BOGERT,
General Manager.

24th February, 1927.

SALE OF TIMBER

TENDERS WILL BE RECEIVED by the undersigned up to and including Friday, April 15th, 1927, for the right to cut the Pine Timber on Townships 4-C, 3-D, 4-D and 5-D in the Mississagua Forest Reserve, District of Algoma.

FURTHER PARTICULARS may be obtained upon application to the undersigned, or to Mr. A. H. Huckson, Crown Timber Agent, Sault Ste. Marie, Ontario.

WILLIAM FINLAYSON,
Minister of Lands and Forests.

N.B.—No unauthorized publication of this Notice will be paid for.

Toronto—Feb. 7th, 1927.

HOWARD SMITH PAPER MILLS Limited

Dividend Notice on Preferred Stock

Notice is hereby given that a Dividend of 2% on the Preferred Stock of the Howard Smith Paper Mills, Limited, has been declared for the quarter ending the 31st day of March, 1927, payable on the 11th day of April, 1927, to Shareholders of record at the close of business on the 31st day of March, 1927.

By order of the Board.

E. HOWARD SMITH, Jr.,
Secretary.

Montreal, February 28th, 1927.

THE WABASSO COTTON COMPANY LIMITED

DIVIDEND No. 37 AND BONUS

Notice is hereby given that a Dividend of One Dollar per share on the Capital Stock of the Company has been declared for the quarter ending 31st March, 1927, also a bonus of Fifty Cents per share payable on the 2nd day of April, 1927, to shareholders of record as at the close of business on the 15th March, 1927.

By Order of the Board.

JAS. R. RITCHIE,
Secretary-Treasurer.

Montreal, Que., February 10th, 1927.

Dominion Glass Company Limited

NOTICE OF DIVIDENDS

Notice is hereby given that a dividend of one and three-quarters per cent. (1¾%) has been declared on the PREFERRED STOCK of the Company for the quarter ending the 31st day of March, 1927.

Notice is also hereby given that a dividend of one and three-quarters per cent. (1¾%) has been declared on the COMMON STOCK of the Company for the quarter ending the 31st day of March, 1927.

The above Dividends are payable on Friday, the 1st day of April, 1927, to Shareholders of Record at the close of business Tuesday, the 15th day of March, 1927.

By Order of the Board.

MERVYN OFFER,
Comptroller & Secretary.

Montreal, 17th February, 1927.

THE CANADIAN FAIRBANKS-MORSE COMPANY, LIMITED

Preference Stock Dividend

Montreal, March 5th, 1927.

Notice is hereby given that a quarterly dividend of One and One-half Per Cent. (1½%) on the Preference Stock of the Company has been declared payable on April 15th, 1927, to shareholders of record at the close of business on March 31st, 1927.

By order of the Board,

HERBERT F. WALKER, Secretary.

POWER CORPORATION OF CANADA LIMITED

First Preferred—Dividend No. 7

NOTICE is hereby given that a dividend of 1½% (being at the rate of 6% per annum) has been declared on the 6% Cumulative Preferred Stock of this Company, for the quarter ending March 31st, 1927, payable April 15th, 1927, to shareholders of record at the close of business, March 31st, 1927.

By order of the Board,

L. C. HASKELL, Secretary.

February 25th, 1927.

Canadian Mining News

THE FINANCIAL POST

Vol. XXI. 10c. a Copy; $5.00 a Year PUBLICATION OFFICE: TORONTO, MARCH 11, 1927 Member of Audit Bureau of Circulations No. 10

Kamiskotia Copper Area, West of Timmins May Rival Rouyn

Great Rush of Snow Staking Has Taken Place and Finds Are Numerous and Rich and Cover Broad Section

HOLLINGER HAS OPTIONED ORIGINAL FIND

In Addition Has Taken Up Large Number of Claims From Other Holders—Many Old Prospectors Are in the Field

Though little is heard of it, an old-time staking rush is going on in Kamiskotia copper-gold area west of Timmins.

The area being staked is quite extensive. Finds of an important nature have been made over a wide area, despite the fact that the snow is quite deep. Spring will see a great rush of prospectors and what little ground is open then, will be grabbed up.

H. E. Owens, M.E., an old-timer of Porcupine, has just come out of the section. He has some important holdings. He prepared the following statement on the situation:

Kamiskotia Copper-Gold Area, part of the Porcupine Mining Division, lies six miles west of the Town of Timmins. Attention on the section has been focussed by Hollinger taking up the original discovery as well as a great deal of additional claims. We must hand it to Noah Timmins and his associates for the part they are playing in developing our vast mineral resources, for they established the Gold Mining industry of Ontario when only a few years ago they struggled with one of the greatest mines in the world, now the Hollinger Consolidated, against many obstacles. Now we find these same interests investing thousands of dollars proving the Copper-Gold of Kamiskotia.

The discovery was made by Jamieson and Scott last fall. The writer has been told they got their information from an Indian, and although Jamieson has held claims in this area for the past 16 years with excellent gold and silver showings, he never thought of looking for copper. His property south of Kamiskotia Lake has attracted attention of mining interests, who have made substantial offers for it, but these were not acceptable to Jamieson. However, the writer has learned that big interests are negotiating for all his properties situated in the township of Robb and Turnbull, and a deal may be consummated.

First Samples Rich

Samples of the property were brought in for assay to Hollinger mine, and the results of the samples ran so high in copper and gold that Hollinger officials were soon on the trail of Jamieson. Engineers were immediately sent in to examine and sample the property, and upon their return negotiations were soon under way for its purchase. Hollinger interests acquired the property for $250,000, the vendors receiving $10,000 cash first payment and a 15 per cent. interest in the mine. This was followed by putting a gang of men cutting a road and the building of camps to accommodate a working crew on the property. Diamond drills were soon taken in and the first 75 feet of core was pulled the first week in February and reported by one of the vendors to be solid chalcopyrite. Much diamond drilling has since been done and it is said to have been very satisfactory. The fact that Hollinger has taken in a 12 drill compressor and other machinery is evidence of its potentialities.

Find Quite Extensive

The Gosson area so far disclosed on the surface is exposed for about 600 feet by 1,200 feet, the balance is covered with overburden and the extension is now being penetrated by the drills to prove its values. However, Hollinger officials are evidently backing their belief that it is very extensive by acquiring some 106 claims, representing 4,240 acres in the vicinity and around the find. It is known that Hollinger have been very fair to the prospectors, paying them for newly staked claims with nothing showing in most cases, $1,000 per claim, 10 per cent. cash, balance in 6 months. Other mining interests would do better to follow the same policy.

The Kamiskotia area proper includes the Townships of Robb, Turnbull, Jamieson and Godfrey, and stakings have extended to Loveland, Byers, Cote, Massey, Carscallen, Bristol, Price, Fripp, McArthur, Bartlett and other townships in the Porcupine area, where many other finds have since been made.

Favorable Geology

The geology is most favorable for copper gold in the above named townships. They include the pre-cambrian rocks as are found in the Rouyn area of Quebec, namely, acid and intrusive rocks such as quartz diabase, rhyolite, porphortes, andesites and other intrusives into the greenstone. Two prominent diabase sills traverse the townships of Robb and Turnbull. Between these sills the above rock formations occur.

The Porcupine camp has had no real excitement for some years and this has aroused the optimism of the whole North, and I venture to say that there is scarcely a business or professional man in the town of Timmins and South Porcupine that has not acquired an interest in the new field, and if the people of southern Ontario had the same pioneering spirit as those of the north, the treasure vaults of our province would be pouring untold wealth into their pockets and the treasury of the country.

Old Prospectors in Field

Many of the old time prospectors and engineers staked and acquired mining claims in the Kamiskotia area. Early in the morning and at night you would see dog teams starting out for some place in the bush, where they had remembered at one time during their travels passing over copper gosson. Some of the boys in the field are Jack St. Paul, Jules St. Paul, Joe Brisson, R. Pepperess, C. Epelett, Bartleman, Tim Wright, Bill Storr, Jack Dunn, Harry Darling, Harry Owens and others. The latter holds claims since 1907 in Munro township adjacent to the Potter gold-copper property, now being traded on the Mining Exchange and staked in 1906, when interest could not be aroused in copper.

It will also be interesting to learn that the copper-gold now being worked by the Hollinger was staked in 1911, by Messrs. Croryna, Miller, Knott and Berger, only to revert back to the Crown and restaked by Jamieson Etal.

1911 Gold Stakings Now Eagerly Sought as Copper Stakings

Checking over maps of old stakings in Porcupine area, the fact comes to light that every copper find recently made in Kamiskotia section, west of Timmins, was staked as a gold discovery back in 1911. At that time Porcupine was coming along nicely. Precious metals were sought. No one thought of looking for anything else. Word comes of a find of 31 per cent. copper in Cascallen Tp. just made. This group gave rich gold values when previously staked.

NOVA SCOTIA IS TRYING TO HELP GOLD PRODUCTION

Royalty of 35c. an Ounce Will Be Suspended For 5 Years

HALIFAX, N.S.—Exemption of gold production from payment of the regular 35 cents per ounce royalty for the next five years, reduction of the fees for prospecting areas, increase in the size of lease holdings from six to twenty acres, compulsory development of holdings, and abolition of the regulation demanding that applicants for areas must furnish within thirty days a bond to cover possible damage claims made by holders of surface rights, were some of the provisions designed to stimulate gold production in Nova Scotia, contained in a bill to revise the Mines Act given second reading in the Legislative Assembly on motion of Hon. G. S. Harrington, Minister of Works and Mines.

The leader of the Opposition, Hon. William Chisholm, could not see why the royalties should not be paid by gold mine operators as well as those who operate other industries. He was also against the repeal of that section which demands bonds from leaseholders to cover damage claims made by holders of surface rights. He thought the fact that a bond had been deposited against such damage would act as a restraint upon those who were developing mining leases to make them extra careful not to injure the property of the holders of surface rights. Regarding the clause providing for compulsory work on holdings under penalty of forfeiture of the leases, Mr. Chisholm said he could not see that any provision was contained in the revised act to guarantee that applicants for forfeited holdings would work them to any greater extent than the previous holders.

Hon. Mr. Harrington said, in regard to lease applicants filing a bond against causing surface damage, there had never been a claim upon such a bond. In every case the operator made his own arrangements with the holder of surface rights. As for the rebate of royalties for five years, Mr. Harrington said the royalties collected in previous years had been so nearly negligible they would not be missed. On the other hand the profit on gold mining in Nova Scotia was so small that in some cases the payment of 35 cents an ounce royalty might be the difference between profit and loss and would prevent a development.

New Gold Extraction Process May Revolutionize Industry

President Bache of Dome Mines Carrying Out Series of Tests on Process Invented by Canadian—Make Low Grade Ores of Great Value

Jules Bache, who has been associated with so many successes, including Dome Mines, may now be facing the most startling in his career—a new gold-extraction process that will revolutionize gold mining and bring into the dividend-paying class many low-grade mines. Early experiments brought such striking results that he considered them impossible and he turned down the process. But the earnestness and sincerity of the inventor—a Canadian—induced him to take it up. He has just concluded 41 experimental tests under his own supervision that tend to confirm the Canadian's claims. In all 41 laboratory tests were made. Low-grade ores gave the best results. Some of the low-grade samples gave as high as eleven times as much gold as was supposed to be in the ore, but rich ore showed only two or three times the return. Mr. Bache is not yet satisfied and is submitting the process to another series of tests. If they prove successful he will spend $200,000 on an experimental plant in Ontario.

Award Diamond Drill Contract in Rich Zone

Thormoor Mines Engineer Announces Extension of Mineral Zone Found

A. B. White, Consulting engineer of Rouyn-Boischatel and Thormoor Mines, reports two important discoveries made recently on the Thormoor Copper Mines, to the west of the main ore body, on which considerable surface work has been carried out during the past three months, and which disclosed a large body of commercial ore. The new finds are significant, as they appear to indicate the break is continuing in a westerly direction across the Thormoor property and adjoining claims recently acquired. On one of the recent finds massive chalcopyrite shows up quite extensively.

Representative samples taken from the new discovery give average assays of 8.7 per cent. copper and 2.30 per cent. of gold, with traces of silver. This compares favorably and is consistent with a considerable number of former assays from the main ore deposit.

A contract has been concluded whereby extensive diamond drilling of the Thormoor property will commence on the 15th of this month. Diamond drilling equipment is now en-route to the property.

The property was recently visited by a number of eminent mining engineers and geologists from the U.S.A., and their opinion was that the Thormoor group has the ear marks of a mine. They were quite impressed with the possibilities of the whole Rouyn area. Rouyn Boischatel has 800 acres in Montbray Tp. on which considerable work has been carried out during the winter, disclosing a number of interesting showings with favorable geology, and assays results are sufficiently encouraging to warrant the immediate expenditure in building permanent camps. A gang of men is now engaged on this work and will follow with surface exploration and diamond drilling or an electrical survey, depending upon the results of exploration work. On the company's 600 acres in Boischatel work completed so far, along with the magnetometer survey made on this property during last summer is now being checked up thoroughly by Mr. White, and H. D. MacDonald, the United States Smelting, Refining and Mining Company's engineer, prior to outlining an intensive programme of exploration to be carried out during the coming season.

In all probability, an electrical survey of this property will be recommended prior to diamond drilling. This, Mr. White says, looks to be the most logical way of learning more of the possibilities of this particular area, on account of the heavy overburden.

Canadian Business Houses Secure Bulk of Big Mine Orders

Canadian mining enterprises, by making all possible purchases of equipment and supplies in Canada, are materially aiding Canadian business. Whitney interests in testing out Flin Flon ores are spending around $750,000. Everything possible has been bought in Canada. A purchasing office was opened in Winnipeg.

Pres. J. Y. Murdock says that in the construction of Noranda's smelter in Rouyn all materials possible have been bought in Canada. He says they were agreeably surprised at the amount of material for a smelter which it is possible to purchase in this country. Orders placed total $1,390,286. 85.19 per cent. were placed in Canada and 14.8 per cent. placed in the United States, 73.8 per cent. of the money involved went to Canadian suppliers and 26.2 per cent. to United States. Of the United States amount only $12,665 could have been placed in Canada but the American prices delivered were so much better that the States got the order.

Rich Ore Continues In Thompson Shaft

Official advice direct from Thompson-Cadillac Mines, Cadillac Tp., Quebec, is to the effect that very rich ore continues to show in the shaft as it goes down. They have picked up the vein to the north, which was cut by a diamond drill hole at 150 feet, and it assays up good on the surface over the excellent width of 86 inches. Four samples gave an average of over $7.00.

The O'Brien Co. are open cutting on their high grade vein, and they are getting some very rich ore, one piece about 6 inches long and 2 inches thick, must have had five ounces of gold in it. On the Graham-Rea, in Malartic, they are building camps and getting ready to sink a shaft.

OGEMA INSTALS MACHINERY

MONTREAL.—The North American Lead machinery has arrived on the ground and is now being installed on the Ogema Mines in Dorian township, Ontario. It is expected that production will be resumed during the next month. H. E. Noble, engineer, is in charge of operations.

MUCH GOSSIP AS TO WHY NIPISSING SHARES DECLINED

Market Appreciation of $6,000,000 Followed Making $25,000 Payment

MARKET IRREGULAR

Practically All the Big Issues Have Followed Downward Move of Cheap Stocks

The mining market continues weak. Lack of public participation has resulted in irregular trading. Even the best stocks are reflecting this with their moments of weakness. Hollinger, McIntyre, Teck Hughes, Lake Shore, have had momentary set backs. Wright Hargreaves has held its recent advance as the street is expecting some excellent news one of these days from the directors. They held a meeting last week. Evidently their plans were not quite ready as final action was delayed. Rumors as to what is going to happen are numerous, but shareholders would be well advised to ignore them and await the announcement of the board.

There is much booming going on in regard Teck Hughes. Numerous brokers are advising their clients to buy this stock. It is evident that some of them suspect the strong position of the operation, but it is believed that the real news of the mine's position will surprise many when it is revealed in detail.

Nipissing Slips Back

Nipissing has been quite weak, selling down materially from the recent high. There are many who believe that the rise in Nipissing was much too high and rapid. It is to be remembered that it was practically on the strength of the second payment of $25,000 on the Montbray property that the jump in Nipissing stock took place. From the shareholders' standpoint this was a good investment. The stock doubled on the news of the payment, the $25,000 creating for the shareholders a paper asset of $6,000,000. Many took this as a sign that the company must have something big and would be certain to go ahead. The Nipissing property is looking excellent, but the small amount involved to date is nothing compared with what must be spent if the company intends to go ahead. Some attribute the decline in the shares to the expectation of a poor annual report on the Cobalt operation. This may be the case, but the writer doubts it. The Cobalt property has been declining for years and everyone, particularly the shareholders, know this and have been prepared to expect lower earnings yearly. Our guess is that the talk of lower earnings may have provided the looked for opportunity to hammer the stock down. In this regard it is to be remembered that there are just as keen traders on the bear side of the market as there are on the bull and neither side loses any opportunity that presents itself.

Quebec Continues Quiet

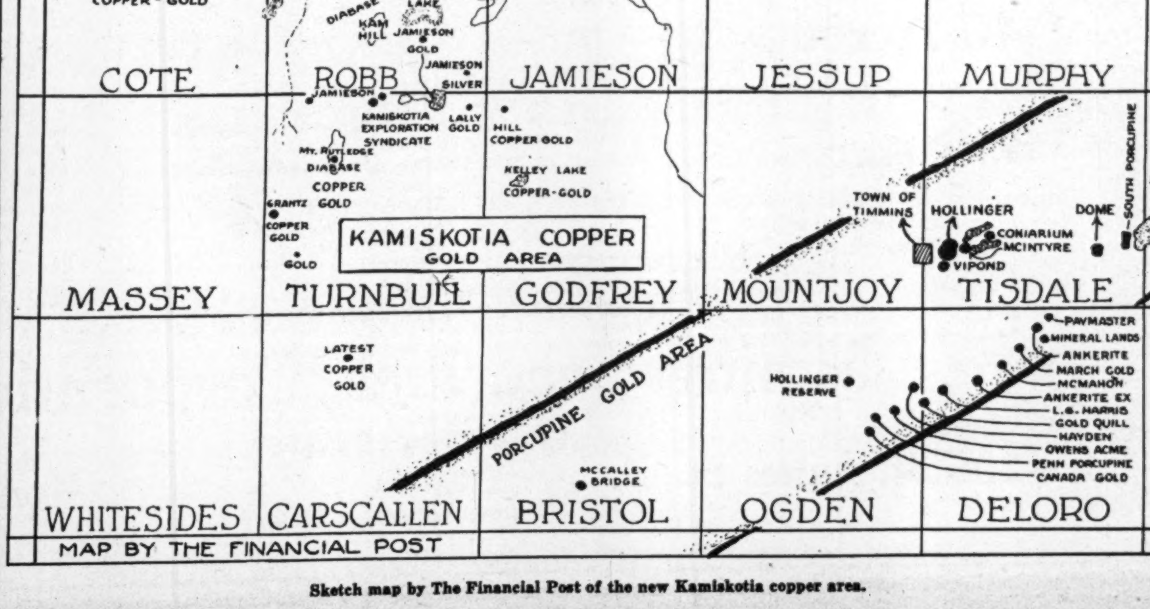
The Quebec shares continue off color. Area had quite a flurry during the week. It was said that the buying came from Montreal. There is no news out. They are drilling. Someone may know something, or it may have been that some short was called upon to cover hurriedly. The action of the stock, after reaching 46, would leave this impression.

The public is asking when will the market come back. No one seems inclined to hazard a guess. Some real constructive news from Quebec might help. For the moment there seems little of this in the offing.

CALARCTIC AWARDS CONTRACT

MONTREAL.—Calarctic Mines has awarded a contract to the Swedish Electrical Survey Corporation. Work is due to start this week. Robert Thompson is in charge of the property, located in Montbray Twp., Que. All preliminary work has been done, especially cutting lines. It is expected that those in charge will move the equipment from the Nipissing Mines about March 15.

NEW GOLD-COPPER AREA THAT MAY BE ROUYN'S RIVAL



Sketch map by The Financial Post of the new Kamiskotia copper area.

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TOO MANY SHARES OF C. WEST DOME HAVE BEEN ISSUED

Company Affairs in Bad Shape But Mine Looks Encouraging

The annual meeting of Consolidated West Dome Lake, held in Toronto this week, the first to be held in five years, was encouraging to shareholders from the mine point of view, but decidedly opposite from a company point of view.

It would seem as if there are troubles in the offing before the affairs of the company are straightened out. Many shareholders have been heard to wonder at times where all the stock that was being sold came from. It came out at the meeting where some of it came into being. It was by the over issuance of stock. What has been over-issued above the company's 5,000,000 shares may not be known for a couple of months, until the books are audited.

Pres. Sir Henry Pellatt said that the directors were not prepared to accept the auditors report as there was one item, $113,769 which they were not satisfied with and on which they wanted more information. This was charged up as a suspense account.

This was one of the points which led to the breaking away of Chas. Manaton, former secretary-treasurer of the company. An interesting point came out when one shareholder asked what stock the directors held. They were all shown holding sizeable blocks. Sir Henry said he had 150,000 shares but that Mr. Manaton said that he had sold it and used the funds for the good of the company.

While some strong talk was indulged in regarding the dilatoryness of the directors in not holding meetings, this was softened considerably by the optimistic reports presented in regard to the outlook of the property. The fly in the ointment is that the company is out of funds and has been living a hand to mouth existance. Well deserved tributes were paid by Manager Duncan McPhail, but it was admitted he could not get anywhere without working capital. A committee of four shareholders will work with the directors to try and straighten out the affairs of the company and also present a scheme of refinancing at the adjourned meeting.

WILL MAKE MINING STATISTICS CONFORM

B.C. and Federal Mines Branch Get Together in Gathering Data

British Columbia and the Federal Department of Mines, Ottawa, have reached an agreement whereby the Provincial Bureau of Mines now collects all statistics in duplicate and forwards one set to the Dominion Bureau of Statistics. This ensures the use of the same primary statistics by both bureaus, and enables the mine-owners to make one return instead of two as heretofore. But, as the mineral production is customarily considered in terms of its value in dollars, it will be desirable, the C. I. M. M. bulletin points out, that the two bureaus carry the co-operation a step further by agreeing to the use of the same metal and mineral prices throughout in valuing the varied products of the mineral industry. This is particularly needed in valuing the lead output of the province, since the valuation of the Dominion bureau in past years has been materially higher than that of the B. C. bureau.

Horne Copper Corporation—Owner

NORANDA TOWNSITE

In the heart of Canada's great copper-gold belt

Lots will be sold by AUCTION at Noranda, Que.

Wednesday, April 6th and Thursday, April 7th

Ask now for plan and full details

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Exclusive Selling Agents
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Nipissing Put Down 39 Holes on Montbray Group

Nipissing shares softened this week. The Financial Post called on Pres. E. P. Earle at New York and asked in regard the development of the Montbray property on which so many of the shareholders have been basing their future hopes. He said:

"Results of drilling on the Montbray property has been spotty, but are sufficiently encouraging to warrant shaft sinking and drifting, machinery for which is now enroute to the property and this work will commence shortly."

The attitude of Mr. Earle seems to be that he has excellent hopes for the property, but the results from the 39 drill holes, which the company put down, have been inconclusive.

There has been a feeling that the public attitude on Nipissing has been a little too bullish. There is no need to be bearish, but the rise in the shares has been considered out of proportion with the development on the property to date.

NEW YORKERS MUCH TAKEN WITH ROUYN

International Exploration and Mining Co. Organized by Large Group

Some interesting developments are taking place as a result of the recent visit of the party of U. S. engineers, investment bankers and brokers to Rouyn, Que., area, where they went as the guests of W. H. Thorburn & Co.

Returning home convinced of the possibilities of the Quebec copper-gold area and the fields of Northern Ontario the U. S. people immediately busied themselves with plans for participation in this development and following a visit of Mr. Thorburn and his engineer, A. B. White, to New York, International Exploration and Mining Co., has been organized.

The company is being launched for exploratory purposes and will take up a number of important properties in the Quebec field and open them out. If they stand up, it is likely that some of the outstanding U. S. operators will participate or subsidiary companies will be organized to develop and operate them.

J. Watts Bagley, New York brokers, came to Toronto this week to participate in the final organization of the operation. It is understood that the directors and technical staff of the company will be announced later. It will likely include some of the leading New York financiers and mining engineers. Maurice Shapiro, of American Metal Co., New York, will be one associated with the new organization. The board will be part Canadian and part American.

New York is keenly interested in Rouyn area. Some of the engineers who were in the party have had numerous calls for information and impressions and the opinion is expressed that a great deal of U. S. funds will find their way into various operations in that camp in the new future.

MANAGING POTTERDOAL

Carl Erickson, former manager of Amulet Mines, is now in charge of operations at Potterdoal Mines, Munro Tp., Ont.

Trethewey-Ossian Drilling

Trethewey-Ossian, Pacaud Tp., diamond drilling on the continuation of the copper strike which opened on Amity Copper Company's adjoining claims. So far the formation has shown fractured condition. Drilling is being carried on twenty-four hours daily. This property was taken up on account of the strong gold bearing veins exposed and there are great possibilities of also locating a high grade copper deposit.

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CHANGES IN MINES ACT OF NOVA SCOTIA ARE BEING OPPOSED

May Increase Cost of Coal and Prove of No Benefit

From Our Own Correspondent.

SYDNEY. — Coal operators and miners alike are offering strong opposition to certain features of proposed changes in the Nova Scotia Mines Act, particularly proposed regulations relating to safety features and rescue work.

While the revision, now in process of being put through the House, is extensive, the drastic changes are few, the bulk of the work consisting of consolidation of scores of minor amendments enacted during the past few years.

Representatives of the Dominion Coal Company told the House committee at the public hearing in Halifax that the rescue and safety features proposed by the amendments are in no way superior to those already in use; and as to stone-dusting of collerier, the operators were desirous of studying the matter further before being finally committed to it.

Cost Will Be High

It was intimated that the proposed changes, if enacted, will cost Dominion $100,000 a year and will not add anything to the safety of life and limb in the pits. The total cost for all the operators of the province has been estimated at as high as $1,000,000 a year.

The miners, on their side, are also opposed to some of the changes. They give various reasons for opposition, but the real one is believed to be a desire to do everything possible to avoid an increase in the cost of coal.

Under the terms of the Duncan report, the wage scale, after a certain time, is to be subject to revision every six months, and whether it goes up or down depends upon the profits made by the operators during the preceding period. These costs are arrived at by independent joint auditors for the company and the men, and naturally the latter are anxious to do everything they can to show a profit that will justify high wages.

The bill has already passed first and second readings.

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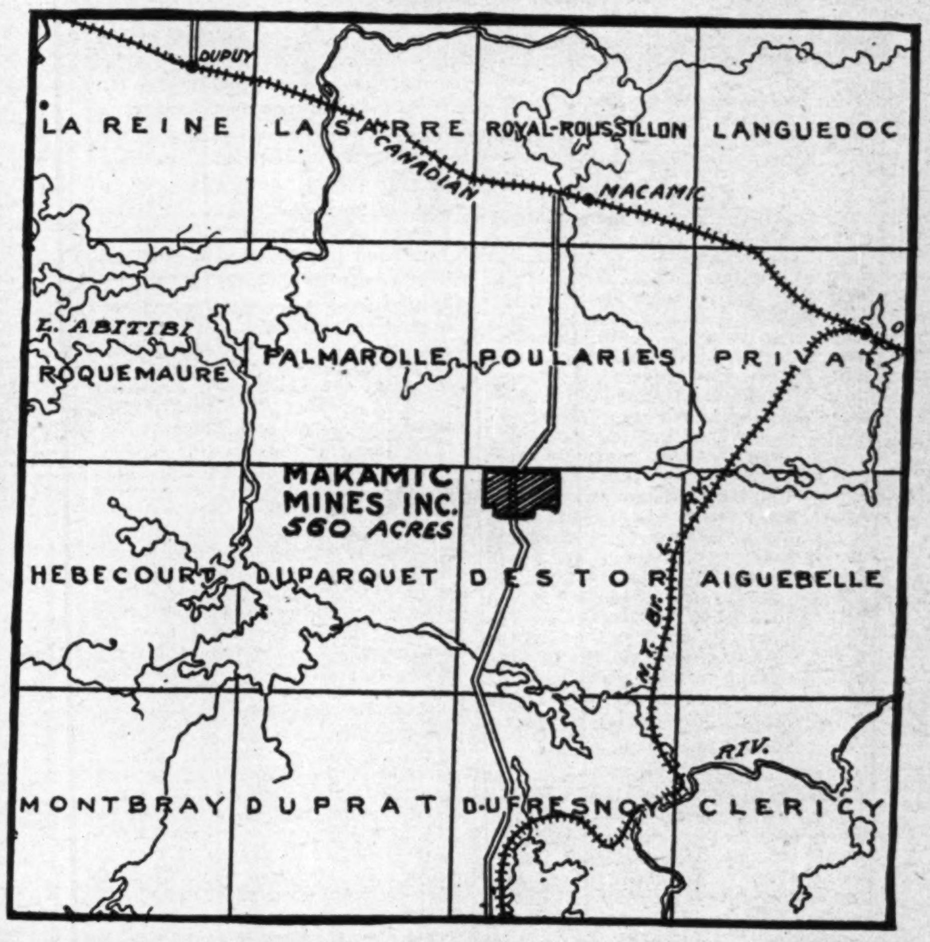

In Destor Township P.Q.

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PROPERTIES

We possess a group of claims situated in Destor township about 18 miles from Makamic, an important village of this district. The "Smelter" actually under construction at Rouyn will only be twenty-five miles from this place. It is directly connected to Makamic and Rouyn by a Government highway recently opened by the Mining and Fishing Colonization Department. Furthermore, the railway terminus giving service to Rouyn by Taschereau, one of the divisional points of the National Transcontinental Railway, passes only at seven miles from the MAKAMIC MINES INC. The connection facilities are thereby extraordinary.

Shares Par Value $1 Each (N.P.V.)

This group comprises

14 Claims of 40 Acres

We have also

338 Acres

in Dalquier Township, within two miles from Amos, near the Jay Copper Mine.

ASSAY

The Chief Chemist of the Provincial Government Assay Laboratory, Mr. Ovila Rolland, who has himself taken a medium sample about twenty inches wide on the Vein "A," on analyzing same himself found the following results:

Gold................0.04 ounces to the ton
Silver................5.16 ounces to the ton
Copper................24.70%

giving a globale value of about

$68.00 per ton

There are actually seven interesting mineral zones located, known under the names of Vein A, Vein B1, Vein B2, Vein C1, Vein C2, Vein D, Vein E. There is also another mineral zone situated about 1,600 feet west of Vein D but of this, at the present time, we will not keep track, as it may be only the continuation of Vein D.

At the present stage of operations, the most interesting zone is Vein A in which is found a band of rhyolite, slightly coppered, approximately thirty feet wide, in the centre of which is found an almost massive parallel vein of chalcopyrite from three to nine inches in width, with a maximum of about twenty-four inches.

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RUSHING SUPPLIES INTO NARROW AND RED LAKE CAMPS

Road Broken Through to Howey—Drills on Jackson Manion Group

Jack Hammell, president of Howey Gold Mines, has just received word from Manager Horace Young that the road is broken through to the mine and the first ten tons of supplies have been delivered.

All the Howey supplies and mine equipment has reached Hudson and quite a large tonnage has been hauled to Pine Ridge. The teams and tractors are now on the final leg and will be in before the spring breakup.

There is a tremendous rush of supplies going in to Red Lake, Woman Lake and Narrow Lake.

Two diamond drills are now working on the Jackson - Manion and Henry Bros. claims in the Woman Lake district, optioned to the Noah A. Timmins interests. Camp buildings have been erected by the Red Lake Transportaton Co., and Mr. Ringsleder, mining engineer of the Hollinger, is now in the north watching the development. Supples are being taken in from Bawlps Spur, 24 miles west on the C.N.R., where the Red Lake Transportation Co. has opened up a new base, as the road to Goldpines, formerly known as Pine Ridge, is only 52 miles from this point, 28 miles shorter than the Hudson-Goldpines road. There are eight tractors, two snowmobiles and 31 teams working, conveying supplies and heavy machinery to the Howey property in Red Lake, and the Jackson-Manion and Henry Bros. properties in Woman Lake.

TO DIAMOND DRILL DON ROUYN GROUP

Shareholders' Meeting Receives Review of Work Done on Various Holdings

Annual meeting of shareholders of Don Rouyn Gold Mines, Ltd., was held last week at Montreal, R. L. Blackburn presiding.

The report of the field manager read:

"During the past year all the work done on your properties has been of an exploratory nature, following the plan outlined by W. J. Hamilton, of Cerro de Pasco Copper Co., your managing director.

"Attention has been confined mainly to the No. 1 Group, situated west of and adjoining the Noranda holdings in Rouyn Township. The work on this group consisted of stripping and trenching of the surface showings, the preparation of a geological map, and a dipneedle survey of the whole property.

"This exploration work has disclosed the presence of a wide shear zone, which has been traced for a distance of 2,400 feet. Mineralization of pyrite and chalcopyrite has been picked up at various points along this shear. No. 3 Zone, which is located in this shearing, is mineralized with disseminated chalcopyrite, some pyrite, pyrrhotite and chalcocite. In addition to the copper content, it also carries gold values. This zone has been traced by trenching for a distance of 750 feet in length, the width varying from 25 feet to 100 feet.

"Another area carrying similar mineralization has been picked up about 100 feet south of No. 3. This body has been traced for some 500 feet, and has an average width of 25 feet.

"Assessment work for the year was done on Groups Nos. 2 and 4, situated in Rouyn and Malartic Townships, respectively. On No. 4, several narrow quartz veins were found and traced for varying distances.

"The following is a brief outline of the work recommended to be done during the year 1927:

"1. That at least 2,500 ft. of diamond drilling be done on No. 1 Group, for the purpose of testing out the surface indications of No. 3 Zone to a depth of 500 ft. In this drilling program, provision should also be made for at least two prospecting holes, to cut a fault which runs from east to west, across the southern secton of the property. You will recall that this fault extends from the Noranda property, through to Don Rouyn Group No. 1, and that it is adjoining it that Noranada has developed the greater part of its ore-bodies to date. From the drilling done early in 1926, some chalcopyrite was found in No. 3 diamond drill hole, whch was put down adjacent to this fault, but these indications were not followed up at that time. These sections show favorable geology, and from the indications already obtained, it is recommended that this drilling be commenced at as early a date as possible.

"2. That Groups Nos. 2, 3, 4 and 5 be carefully examined, and any favorable indications opened up by surface work; and that a report covering the possibilities of these various properties be handed in to your directors, on the completion of this program of work.

"3. That the company keep in touch with the developments and discoveries in the new districts of Ontario and Quebec, and that additional properties be secured, by staking or option, as the opportunity presents itself."

The following directors were elected: Dr. F. J. Pattee, R. L. Blackburn, Hon. H. H. Stevens, M.P.; Col. D. R. Street, James Ross, W. J. Hamilton, E. J. McVeigh.

The Don Rouyn Company is now calling for tenders on the diamond drilling recommended by the field manager's report, and contracts will be let within the next few days, and work commenced at once.

Coniagas Has Option On Michipocoten Group

The section northeast of Grace mine, Michipocoten, a crown grant to Algoma Central Ry., has been temporarily withdraw from prospecting and staking. The principal holding in the area is Andargo Mines, which has 33 claims 9 miles northeast of Grace Mines. Coniagas Mines has an option on 70 per cent. of the company's 2,000,000 dollar shares. There are said to be attractive copper-silver-gold values scattered all over the group.

Delay Sylvanite Mill

Sylvanite mill machinery installation has been delayed and it is likely to be late in April before it will be ready to turn over.

Goodfish on Kirkland's North Belt May Re-open

It is believed that exploration woık will soon be started on Goodfish property on the north belt of Kirkland Lake. This property, which is directly north of Lake Shore is understood to be controlled by Harry Oakes, Lake Shore president. Recently, it is stated, Goodfish acquired the adjoining Providence group.

MEANS END OF SUIT AGAINST SMELTERS

Patent Infringement Claim Over Electrolytic Process Ran Into Many Millions

MONTREAL. — Consolidated Mining and Smeltıng Company has won its patent case which has been before the courts for some time. The litigation took place in the Exchequer court to invalidate a patent for an electrolytic process of zinc reduction claimed to be the invention of A. French and owned by French's Complex Ore Reduction Company of Canada. The present action was taken by the Electrolytic Zinc Process Company, which is controlled ty Consolidated Mining and Smelting Company and Anaconda Copper and Mining Company. The French process interests took action some years ago against the companies manufacturing zinc by this process. The case has been postponed for one cause and another from time to time.

Smelters uses the electrolytic process in its Kimberly smelter and the claims against the company ran into many millions. The ruling of the Exchequer court setting aside the patents is likely to end the infringement claim.

"Dick" Trelour New Manager of Barry-H.

Richard Trelour, an English mining engineer, until recently associated in Canada with Anglo-Canadian Explorers, John Taylor & Sons, Canadian company, and who was with the Taylor operation in India, has been appointed manager of Barry Hollinger Mines, Boston Creek. John Reid, consulting engineer and geologist, has been retained to make a report on the property, and is now busy on his examination.

Toric Mine, Alice Arm, B.C., is erecting a mill and should be producing by June. The ore averages around $23 per ton.

REVIVE TALK OF IRON AND STEEL PLANT AT COAST

B.C. Authority Points to Iron Ore Deposit Yet to be Explored

For the past year much talk has been going on in regard the establishing of an iron and steel industry on the coast. An interesting contribution to the discussion is an article by E. A. Haggen, M.E., in Vancouver Province. He says:

For many years the hope of British Columbia has been an iron and steel industry. The difficulty has been that the iron ores on the coast are magnetites, from which the production of iron and steel is a costly business. There are no hematites, and few limonite deposits on the coast, or located near tidewater to ensure low cost of transportation.

There is a deposit of hematite on the P. G. E. Railway that might be the solution of the problem, but it has never been investigated, so far as the writer is aware.

The difficulty concerning ore is likely to be solved from another angle altogether; and that is from the waste pyrite and pyrrhotite from the copper mines. A few years ago such a source of iron and steel would have been regarded as an absurdity. To-day it is the hope of the industry. The reason is the research work in metallurgy and the successful application of selective flotation in the separation of iron from copper sulphides.

Instead of dumping its pyrite into Howe Sound as hitherto, the Britannia Mining & Smelting Co. now separates and saves it as it passes through the mill, and sells it to chemical and pulp companies from British Columbia to San Francisco for use in the manufacture of sulphuric acid, in which it is displacing Texas Gulf and Japanese sulphur.

Making Sponge Iron

The U. S. Bureau of Mines has worked out at its Seattle laboratory a method of making sponge iron from pyrite waste. Trail smelter has produced from the waste pyrrhotite of the Sullivan mine a rustless iron which is of the highest grade. It can be split into a thousand sheets to the inch and bent fifty or sixty times without breaking. It is likely to lead to a new departure in the iron and steel industry in its use in the manufacture of ferro-alloys which bring high prices.

Among the most valuable of these is chrome steel, used in the manufacture of rock-crushing rolls, jaw and gyratory crushers, and other services demanding a tough, hard steel. The Consolidated Mining & Smelting Co. has acquired chrome iron deposits at Rossland apparently for this purpose.

Some time ago the Granby Consolidated Mining, Smelting and Power Company took up with the provincial government the matter of a subsidy to enable it to develop an iron and steel industry from the by-products of the copper ores, but nothing appears to have come of it, though the scheme was quite practical.

Use Waste Product

The Consolidated Mining and Smelting, Britannia Mining and Smelting and Granby companies now produce enough waste pyrite and pyrrhotite from the gangue of their copper ores to supply the raw material for a large iron and steel industry on the Pacific coast. This material can be supplied at a cost in which that of mining, transportation to the railway or tidewater and crushing is eliminated, making a cheap raw product from which to manufacture iron and steel.

Another change that is coming over the scene is the application of leaching instead of smelting to lead ores. Bunker Hill and Sullivan in Idaho is leading the way, and is building a large electro-chemical plant for the extraction of lead from its ores by this process instead of smelting. The process is replacing smelting in the treatment of zinc ores and is being extensively applied to the treatment of sulphide as well as oxidized and carbonate copper ores.

Trail smelter was the pioneer in the application of the process to the treatment of the complex zinc ores of British Columbia, and its lead is being followed in the zinc camps the world over. The success of the method suggests the time may come when every mine may be able to treat its own ores on the ground, and ship metal or base bullion instead of ore or concentrates, making available for profitable mining ores now too low grade to attract attention.

Columbus Kirkland to Double its Capital

Columbus-Kirkland shareholders have doubled the capital of the company from $2,500,000 to $5,000,000; shares, $1 par. The company has eight claims in Teck Tp., Kirkland Lake, adjoining Kirkland Gold Mines on the north. It was organized in 1922 with six claims, and recently acquired an additional 40 acres, making 280 in all. In addition a group has been acquired in Cobalt and Connaught Tps. Pres. E. Stewart has made arrangements for temporary financing.

RED LAKE MINES TO WORK

Red Lake Mines, with 600 acres adjoining Jackson-Manion property, Woman Lake, on the south, has appointed Thos. Rule, Pt. Arthur, manager, and will proceed with the opening up of the property.

MAP OF PORCUPINE GOLD AREA

To those having claims in Porcupine, or interested in the mines in the Porcupine district, this map will be invaluable.

Size—4 feet by 2¼ feet.
Price—Blue Print, $3.50.
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Central Manitoba Mines Wins Claims Dispute

WINNIPEG.—Judgment has been given in the law suit wherein some prospectors accused Central Manitoba Mines of moving a post and taking some of their ground. The case was dismissed by Judge Fullerton with costs against the plaintiffs and absolving the Central Manitoba Co. from any blame. Judge stated that the case never should have been brought to court. The costs, it is said, will run over $1,800.

REOPEN SELKIRK MINE

Selkirk Mine, central Manitoba, controlled in New York, is being dewatered. Charles Spearman, Montreal, has been retained to make an examination and outline a diamond drilling campaign.

Mining Inquiries

Clifton Cons.

Can you give me information on Clifton Consolidated; the names of them; will they come of any value; should I sell?

Clifton Consolidated Mines is not operating at the present time. This company, sponsored by H. J. Gibson & Co., brokers, Toronto, made several real but unsuccessful efforts to find a mine, the last being on the provincial property at Cobalt, and having failed closed down operations. The company has a fairly well located group in the South Lorrain area, and it would not be surprising if the company came back to life one of these days. If you have any of these shares you would be foolish to sell at the present time, as the price you would get would be practically negligible, whereas if you hold for some time there is a possibility of you getting your money out.

McIntyre-Hollinger-Premier

I want to include some high grade mining stocks in my investments. How about McIntyre, Hollinger, Keeley, Vipond, Noranda?

Of the 5 stocks you mention two stand out, McIntyre and Hollinger, both paying dividends. McIntyre $1 per share per year Hollinger $1.30 per share per year both in a strong position and still expanding and which if held for a few years will not only pay a much higher dividend, but should also show a very material appreciation in market. Noranda is not a dividend payer and is not likely to be for a couple of years but it has possibilities for market appreciation. I think, however, you would be better advised to consider in conjunction with McIntyre and Hollinger, Premier of the Portland Canal, B.C. This company pays 32c. per share per year, giving a yield of around 15c., which would bring your yield on the other stocks up to a fair level. The Premier is in a very strong position and is handled in a very conservative way.

A List of Stock

Will you give me your opinion of my mining stocks. I enclose list of my holdings.

Your list is not a strong one and I would much rather see you, located as far from the market as St. John, N.B., holding a much larger proportion of the better stocks. I don't think that any of the good stocks have reached anything like their maximum price. The majority of them are paying a very good dividend, although in some cases at the moment the yield is small, but the chances of market appreciation are very great and the risk very limited.

Taking the stocks as you have outlined them, Noranda is excellent. It has tremendous possibilities, and with Laval may be listed as an attractive speculation.

Duprat and Rouyn are prospects only.

Consolidated West Dome Lake is trying to weather the market and it seems certain that financing will have to be carried out.

Hollinger looks to be one of the most attractive buys on the market, not only for the dividend but for market appreciation.

Argonaut is doing much better and looks attractive.

Barry and Tough Oakes are operations which may work out, but both have a hard pull ahead of them.

Castle Keeley, Mining Corporation and Nipissing should be held.

The only one of the four-penny stocks, Baldwin, Clifton, Lakeside and Lorrain Consolidated, that has any merit at all is Baldwin, and that has very little.

Too Many Baskets

I have been accumulating mine shares. I have been thinking of selling the works and putting it in one good stock. Here is the list: Dunlop Syn. 3, Vipond 100, Stadacona 400, Laval 300, Amulet 100, Duprat 700, Don Rouyn 300, Corona 300, Potterdual 300, Grover Daley 300, Dallas Oil 75, Highland Oil 50.

I think the idea of selling the bunch of stock which you list and putting it into one good security, one good mining stock, has considerable to recommend it, because of the distance which you are removed from the market. Practically all the stocks you are holding are speculative, and subject, more or less to sharp moves up and down, and you are hardly in a position to take advantage of the moves. There are many good speculations in the list but your holdings are so small in each that it is hardly worth while. However, I do not think that the moment is opportune to make a clean-up in them. The market for the most of these has gradually sold off until it is at present conceded that it is quite near the low. If you were to hold them until the next substantial market in the Quebec stock comes round you would probably be able to make a profit that would be fairly substantial on the whole.

Some of the stocks you hold, though in the prospect stage, have very excellent chances. I discussed your case with two or three brokers and they were unanimous in the opinion that you should buy some of the good stocks such as Hollinger or McIntyre, Teck Hughes, Lake Shore, W. Hargreaves, all of which are paying dividends, and give indication of substantial appreciation as a hold.

The shares of your two oil companies, are, as you are undoubtedly aware, a gamble, which, because of their location in Turner Valley oil field, possess possibilities.

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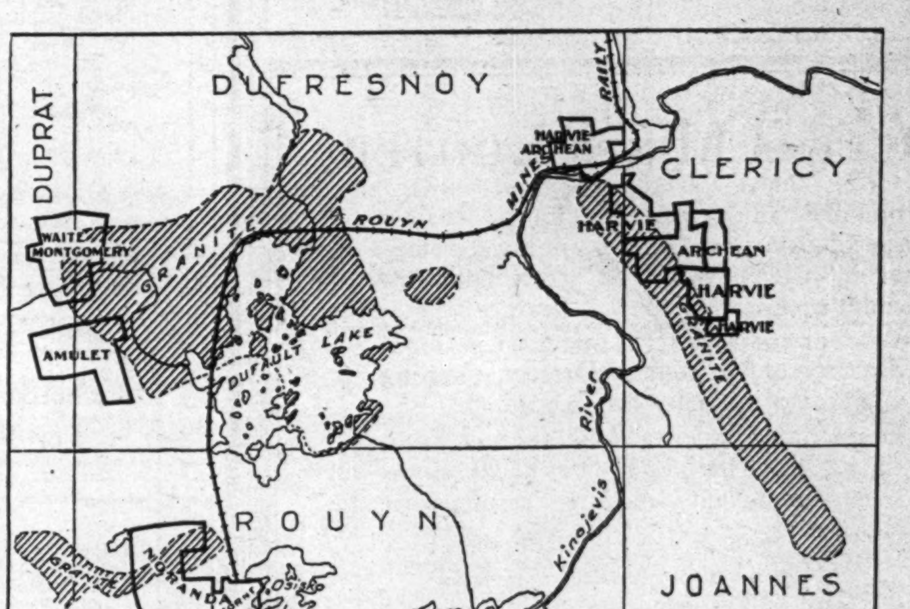

ROUYN MINING AREA, showing relation of several principal operations to the margin of Granite Areas and to Railway Transportation.

OWING to the widespread demand for authoritative information on this company, a special memorandum has been prepared covering field operations, financial plans, etc. Copies will be gladly furnished on request to

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RAND PRODUCTION LAST YEAR PASSED 10 MILLION OUNCES

Canada Was Slightly Less Than Previous Year—Up 120% Over 1914

World production of gold in 1926, estimated at $400,000,000, shows only slight increase over 1925, when output totaled $396,000,000, and in 1924, when it was $389,169,727.

Transvaal production, which established a new high record of 10,792,000 fine ounces in 1926, with value of $223,070,640, was chiefly the reason for the larger output in the year just closed, no other source showing any appreciable increase. It is noteworthy that this South African colony produced 55.7 per cent. of the world's gold in 1926. In 1925 the Transvaal accounted for 9,594,000 ounces, with value of $189,307,098, and in 1924 for 9,575,100 ounces valued at $197,934,904.

Output of Transvaal mines, by months, in 1926, compares with 1925 as follows:

	1926	1925
January	796,000	823,000
February	753,000	753,000
March	834,000	825,000
April	803,000	787,000
May	849,000	813,000
June	852,000	780,000
July	860,000	818,000
August	843,000	808,000
September	839,000	797,000
October	853,000	812,000
November	840,000	787,000
December	836,000	791,000
Total	10,792,000	9,594,000

The United States production in recent years has been on the decline. In 1926 it was 2,288,098 fine ounces, with value of $47,299,000, compared with $49,860,200 in 1925 and $50,570,204 in 1924. California's output, while the largest in 1926, as in 1925, showed a reduction at 559,911 ounces with value of $11,574,400, against 641,849 ounces, valued at $13,268,200, in 1925. Colorado and Alaska, maintaining their positions of the preceding year, ranked next, the former having an output in 1926 of 313,819 ounces valued at $6,859,300 and the latter of 812,856 ounces valued at $6,467,300. Alaska showed a slight increase in production over 1925, when output was 301,212 ounces, with a value of $6,226,600.

Canadian production in 1926 was slighly less than in the preceding year, being estimated at $35,000,000, against $35,768,000 in 1925 and $31,532,000 in 1924. Against 1914, when Canada's output totaled $15,983,000, this country has shown an increase of close to 120 per cent.

Russia is expected to increase her production of gold in coming years as a result of the newly effected arrangement of the Soviet government with the Lena Goldfields.

Crescent Silver Secures Finances in London, Eng.

A deal has been consummated for the financing of Crescent Silver Cobalt mines and it is understood that operations will be launched about March 15 with Col. R. P. Rogers, formerly of Coniagas, in charge.

Crescent Silver has 340 acres south of Cobalt. Some litigation has been going on for some time in regard one claim and this has been settled and was immediately followed by the announcement of the securing of sufficient finances in England to open up the property.

Pres. Sam Barber states that there are seven veins on the property and most of these have been cut by a large tunnel driven in from the lake level. There is over 1,400 ft. of lateral work done.

Another Gold Mining Effort in Nova Scotia

From Our Own Correspondent

SYDNEY.—Another attempt to resume gold mining in Nova Scotia has begun with the de-watering of the shaft of old King pit at Caledonia, Guysboro county. This mine is its day yielded some of the richest quartz ever found in Nova Scotia, and modern mining methods are expected to revive an industry long dormant in this province.

NORANDA BEING LAID OUT AS MODEL TOWN

Well Planned Centre Exists Where Two Years Ago Bush Was Thick

MONTREAL.—It is unusual to see a whole town planned, laid out and built within the brief space of a year or so. This, however, is actually taking place at Noranda, in Rouyn, Quebec. Two years ago there was nothing up there but a few shacks to meet the bare needs of prospectors. Now, there is a railroad connecting up with the Canadian National Railways at Taschereau, telephone, electric light and power, in addition to which a $4,000,000 custom smelter is being erected which will occupy 11 acres, the roofed-in buildings alone covering 3¾ acres of ground.

This plant and the Noranda Mines are already giving employment to 400 men, not including the regular staff of engineers and others. When the smelter begins operations there should be over 1,000 men on the pay-roll of Horne Copper Corporation, together with hundreds of others employed on streets, roads and building work of all kinds in the town itself.

Many After Lots

From all accounts, the available building space in the townsite as it stands now will be quickly taken up by individuals and firms who want to be early on the ground and benefit from the growth expected. Inquiries have been steadily pouring in to the company's officials, for more than six months, from those wishing to purchase suitable locations for business and other purposes.

In laying out the town Noranda is using the zoning system, together with moderate building restrictions. This will serve the three-fold purpose of protecting the investment of property owners, enhance the appearance of the town, and afford the best possible fire protection.

MAP OF MINTO COAL FIELD

A geological map of the Minto coal field of New Brunswick has been published by the Geological Survey. It consists of two sheets on a scale of one mile to one inch. The coal bearing formation, earlier sedimentary formations, and a basaltic extrusive rock are indicated in colors. The topography or the elevation of the land surface above sea-level is shown by contour lines with an interval of fifty feet. Outcrops of coal and rock, mine shafts, and adits are marked, and the structure of the coal seam is indicated by contour lines showing the elevation above sea-level. Copies of these sheets may be had on application to the Director, Geological Survey, Ottawa.

ZINC STAKING BOOM TAKING PLACE IN AREA NEAR THE SOO

Some Excellent Silver Values Are Reported on Some Groups

Quite a zinc staking boom is in progress north of Sault Ste. Marie, the area including the townships of Deroche and Jarves, the Mississauga forest reserve township of 3H, 3G and townships 22 and 23, range 10. The staked area appears to be about ten miles in length. It is stated that the Trail Smelter is in negotiation for a property in the area, and that the Bunker Hill-Sullivan Company has had a scout on the ground. The claims lie mostly to the south of Ranger or Aubakagama Lake, which is the source of the Garden River. The Hope Lumber Company's camp is in the staked area, and a good lumber road leads from Glendale to the camp, which is about 35 miles from the A. C. R. track.

Fred Vacheresse's property is in township 23, range 10. Vacheresse has received some offers for his claims.

William Conway made the original discovery east of the A. C. R. track in township 22, range 10, and approximately 50 claims have been staked around this find since last fall.

A total of 177 claims were staked in township 3H in the Mississauga forest reserve since the fall, and as many as 45 claims have been recorded here in one day.

There has been very little work done yet in the new field, but several engineers have visited the area, and Algoma will look forward with interest to the spring work.

Vacheresse's property has produced samples going as high as 122 ounces of silver, and reports state Conway has even better assays.

Makamic Mines Awards Diamond Drilling Contract

From Our Own Correspondent.

MONTREAL.—Diamond drilling commences this week on the Makamic Mines property. The contract for this work was given to Smith and Travers, diamond drillers, Sudbury. Makamic Mines owns 14 claims in Destor Twp., about 18 miles from Makamic.

Maurice Archambault, consulting engineer, reports that the prospect shaft started on vein "A" is down 15 feet and that the vein is becoming richer at that depth. Surface values run to $68 per ton, according to an official report of the provincial government assay office.

Osisko Rouyn Company Begins Electric Survey

From Our Own Correspondent.

MONTREAL.—The Osisko Rouyn Exploration Company has entered into a contract with the Swedish American Prospecting Corporation for a complete electrical survey of its holdings lying between Osisko Lake and Lake Rouyn.

The object of this survey is to confirm the indications obtained during the last two years by means of the dip needle and magnetometer. Previous surveys show quite a large percentage of high readings on the property, thus suggesting the possibility of the existence of a number of ore lenses at several points on the property.

Should the electrical survey bear out the preliminary indications of the dip needle and magnetometer and prove the presence of mineralized ore bodies, diamond drilling will be undertaken to determine the exact nature and extent of the ore bodies shown by the electrical survey.

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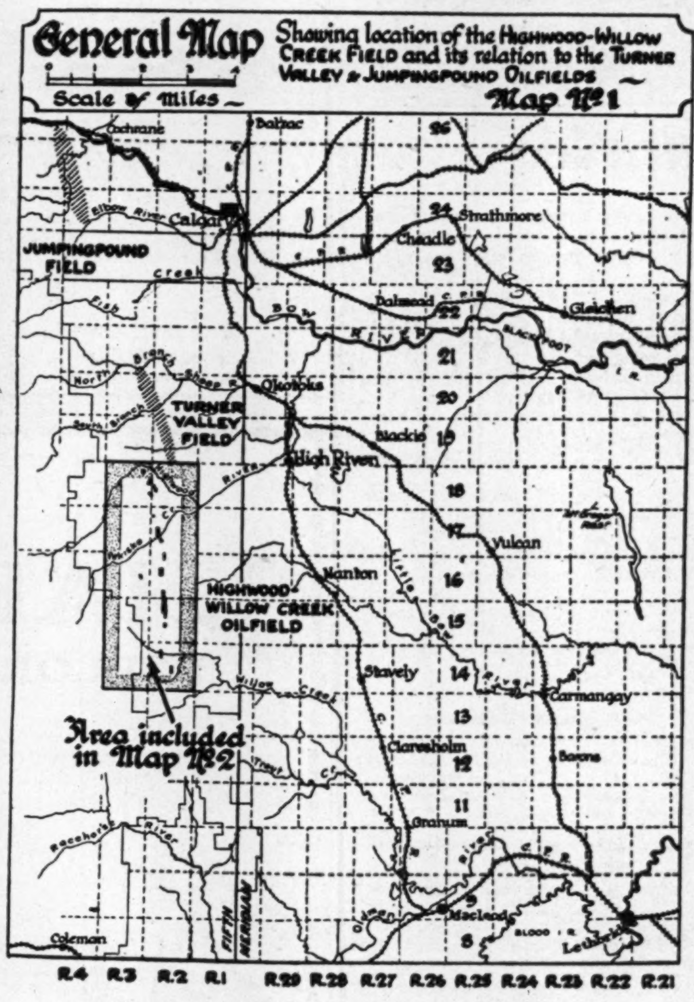

Fig. 4—Map No. 1—General Map of Region.

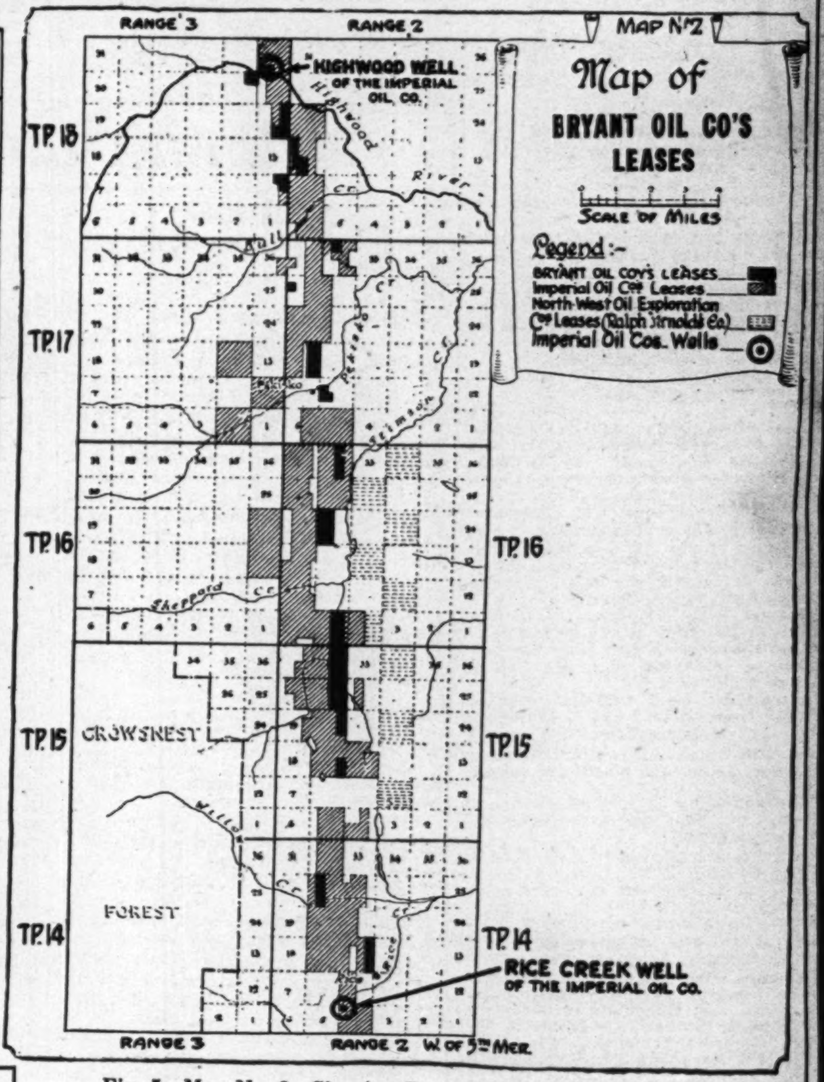

Fig. 5—Map No. 2—Showing Bryant Oil Co.'s Leases.

Authorized Capital—1,000,000 Shares of No Par Value. First Issue—350,000 Shares at $1 Per Share

OFFICERS and DIRECTORS:
President—Owen Bryant, Calgary, Alberta; Oil Operator.
Vice-President—W. Herbert A. Thompson, Calgary, Alberta; Chartered Accountant.
Secretary-Treasurer—Frank A. Halliday, Calgary, Alberta; Photographer.
O. D. Louden, Calgary, Alberta; Accountant.
H. L. Winkler, Calgary, Alberta; Insurance Agent.
Solicitors—Savary, Fenerty & McLaurin.
Bankers—Standard Bank of Canada, Calgary, Alberta.

LIST OF LEASES OF THE COMPANY:

Tp.	R.	Mer.	Sec.		Acres
18	3	w-5	26	L. S. 16	40
18	3	w-5	24	L. S. 1, 2, 8, 9, 16	200
18	3	w-5	12	L. S. 8, 16 and E. ½ of L.S. 15	100
18	2	w-5	18	L. S. 3, 6, 13 and E. ½ of L.S. 5 and 12	160
17	2	w-5	32	L. S. 14	40
17	2	w-5	30	L. S. 12	40
17	2	w-5	18	L. S. 1, 8, 9, 16 and E. ½ L.S. 2, 7, 10, 15	240
16	2	w-5	32	L. S. 2, 7, 10, 15	160
17	2	w-5	8	L. S. 5, 12 and W. ½ of L.S. 6	100
16	2	w-5	20	All of West Half	320
16	2	w-5	5	L. S. 2, 7, 10, 15 and W. ½ of L.S. 1, 8, 9, 16	240
15	2	w-5	32	All of East Half	320
15	2	w-5	29	All of East Half	320
15	2	w-5	20	L. S. 8, 9, 16	120
15	2	w-5	17	L. S. 1, 8	80
14	2	w-5	29	L. S. 3, 6, 11, 14	160
14	2	w-5	16	L. S. 1, 8, 9, 16	160

The above comprise 30 leases covering a total of 2,800 acres. These leases were taken up by the President of the Company in 1918 and 1919 after careful study of the region. They carry rentals of 50 cents per acre in place of the $1 now charged, and are free from royalty to the government until 1931.

This acreage runs through the centre of the holdings of the Imperial Oil Co., who are drilling near the south end of the area on Rice Creek and near the north end on the Highwood River.

The company also holds a royalty of 10 per cent. on the production from the Highwood well of the Imperial Oil Co., located on L.S. 3, Sec. 36, Tp. 18, Range 3, West of the 5th Meridian, now down about 1,900 feet.

A copy of the Prospectus which includes a short article on oil geology, written in simple language, can be obtained on request.

"I would unhesitatingly advise drilling on locations presenting such favorable surface signs of the probable occurrence of petroleum beneath them."—*From report of S. E. Slipper*

BRYANT OIL CO. LIMITED
218 Traders Building, Calgary, Alberta

CLEAN-UP UNDER WAY OF GOLD BELT AND ROUYN MIX-UP

Several Companies Involved and Statement Secured on Their Position

Affairs of Rouyn Gold, Ottawa Rouyn, Quebec Rouyn and Quebec Gold Belt, seem to have got tangled up somewhat. Shareholders don't seem to understand the situation. On receipt of a long letter outlining the trouble of one shareholder, The Financial Post submitted his complaint to those associated with the enterprise. A frank statement of the details was forthcoming and both the inquiry and answers are appended.

The inquiry:

Being a regular reader of your valuable paper, and knowing it is always your desire to assist your readers in financial matters, I would be very grateful to have your opinion on the following:

I am a shareholder in the Rouyn Gold Mines, Ltd. On October 22nd the annual meeting was held when it was decided by the shareholders to distribute the assets of the company consisting of 350,000 shares of Quebec Gold Belt, 10,000 shares being set aside to meet liabilities, the balance, namely, 340,000 shares, to be distributed to the shareholders in Rouyn Gold Mines, on the basis of 11 1-3 shares of Quebec Gold Belt for each 100 shares of Rouyn Gold. I have received a letter from Henri Jodoin, who was formerly president of Rouyn Gold, in reply to a letter I sent him seeking information, and this is what he says in part:

"It is no use for me to undertake the distribution of assets until I get the Prudential Trust Company to cancel its contract, thus enabling me to give a formal notice to all registered shareholders. . . . . You are fully aware that the Rouyn Gold Mines, Ltd., has been for the last two and a half years a holding company. If you want to endorse your stock certificate and send it over to me by registered mail, I will see that you will get the Quebec Gold Belt Stock in exchange, without delay. I would not like to do this for everyone, but I think I will be able to get that through for you."

Now Sir, this seems a peculiar remark for Mr. Jodoin to make. First he says he cannot distribute the assets (Quebec Gold Belt shares) until the Prudential Co. cancels its contract, yet he will get Quebec Gold Belt stock for me if I send him my Rouyn certificates endorsed. But why should he do this for me and not for everyone?

I am not inclined to part with my Rouyn certificates until I have heard from you in connection with this matter and shall be glad to receive your advice in the enclosed stamped addressed envelope.

Mr. Jodoin in answer to our letter writes:

Yours of the 2nd instant has just reached me. I have read the attached document very carefully, and in answer will say the following:

I do not remember and cannot lay my hands on any letter leading to the interpretation given by the shareholder; what I said in all cases and what I now report is this: at the last annual meeting of the Rouyn Gold shareholders, held on October 22nd, 1926, it was unanimously decided by the shareholders to distribute the assets of the company, consisting of 350,000 shares of Quebec Gold Belt, Ltd., stock, of which 10,000 shares has been set aside to meet all liabilities, the balance, namely, 340,000 shares, are to be distributed to shareholders of Rouyn Gold Mines, Limited, on a basis of 11 1-3 of Quebec Gold Belt, Ltd., stock for each 100 shares of Rouyn Gold Mines, Limited.

I have already exchanged a certain amount of stock, although I cannot secure a final list of shareholders until contract of transfer, which exists between Rouyn Gold Mines, Ltd., and the Prudential Trust Co., Ltd., is at an end. To the shareholders who have made application I have gladly exchanged stock upon same being surrendered to me for cancellation purposes; I will gladly do so for every shareholder who wants it done that way.

I believe that your correspondent, if he has any information from me, has put a wrong construction as to my intentions and as to what I am duly bound to accomplish. I have never refused any one sending in their stock duly endorsed to make the exchange, but I surely cannot make a statement that this distribution is finally accomplished until I have on hand an up-to-date list of shareholders, meaning a final list, when I will be able to give a compulsory notice to people who have not yet made the exchange to kindly do so, or else that I deposit with the Prudential Trust Co. whatever balance of stock I may have for distribution purposes, and then shareholders who have not succeeded in making the exchange will have to do it through the Prudential Trust Co., Limited.

I sincerely trust that my explanation is clear to you and that there can be no doubt as to the real construction of the whole affair. I have not and will not refuse and am in duty bound to proceed to the exchange when asked to do so; but you will agree with me that it is impossible to fully complete the distribution until the procedure herein above mentioned is gone through with.

Now, Mr. Cushing, if there is some doubt in your mind, before advising your customer, please let me hear from you. After all, I do not see any other way of handling the proposition, and will be only too glad to receive your comments on the matter.

There is one feature that your customer did not grasp properly, namely, I have never been president of the company, but merely vice-president, handling legal matters, and this has been my duty for the last three years, and the distribution was decided upon so as to save useless expense, and being myself a shareholder of Rouyn Gold Mines, Ltd., I thought it was the only way to proceed with the distribution of the assets and surrender of the charter.

Again, if there is anything that is not absolutely clear to you please let me know.

The Financial Post also wrote I. J. Isbell who was associated with the promotion of the companies in question. He wrote:

At the meeting of the shareholders of Rouyn Gold Mines, Ltd., on October 22nd, 1925, it was decided by the shareholders to distribute the assets of the company, consisting of 350,000 shares of Rouyn Gold, 10,000 of which were set aside to meet the company's expense in this distribution, and to settle all accounts of the company. The company has not notified the shareholders to send in their shares now, but will be doing so within the next few weeks.

I think what Mr. Jodoin must have meant when he told your subscriber that if he sent him his stock of Rouyn Gold he would exchange it for him, and send him back some Quebec Gold Belt, Ltd., stock in return was this: Mr. Jodoin told me that he would ask the Prudential Trust Co. to close their books, and start in to distribute the assets.

At any rate, Rouyn Gold Mines, Ltd., can be transferred to Quebec Gold Belt Ltd. on the basis of 11 1-3 shares of Quebec Gold Belt for each 100 shares of Rouyn Gold. There is no rush to make the transfer right away, but, of course, the time will come within two or three months, where people buying Rouyn Gold will receive Quebec Gold Belt Ltd. shares instead.

Mexican Miner Wishes to Treat Ores in B.C. Plants

Mexican ores may be treated in British Columbia smelters, according to advices received by the British Columbia Chamber of Mines from Los Angeles. A Los Angeles broker has written that he has a Mexican client who has zinc and lead ores which he wishes to smelt in Canada to avoid the tariff duty of the United States. Under the tariff, there is no duty on zinc and lead ores brought into Canada for smelting, and this information has been sent to the broker.

UNION OIL AND WESTERN GAS TO MAKE OIL TESTS

Three Deep Wells Will Be Driven in Southern Alberta

Canadian Western Natural Gas Co. of Alberta is going to drill three deep test wells in Southern Alberta this summer, according to C. J. Yorath, president.

The company will project large scale field operations along with the Union Oil Company of California, who have entered into an agreement for the exploration of structures discovered by the geologists of the gas company and passed upon by the geological department of the Big West Coast Corporation.

Mr. Yorath states that the Union, one of the largest operating companies in the U. S., and owners of a chain of retail stations in British Columbia and Alberta, were very anxious to obtain a supply of crude oil in Canada to take care of their expanding business in the Dominion. For this reason they were prepared to go far in the testing of likely structures.

Scene of Operations

Concentration of the Canadian Western-Union operations, said Mr. Yorath, would be southwest of Lethbridge and west of the town of Milk River, where discovered, startling to the oil world, had been made last summer by their geologist, H. E. Slipper, of Calgary. In making core drill tests of the Milk River structure, Mr. Slipper extended his operations to the west of Milk River. Here Mr. Slipper discovered the main axis of the great Sweet Grass arch which extends southwesterly and on which the Kevin Sunburst field with its 500 or more producing wells is located. This is in a location different to that in which any geologist, including the Dominion government geologists, had previously placed it.

Will Drill Three Wells

The structure was later clearly defined and 15,000 acres leased, also 9,600 acres to the north secured from the C. P. R. for drilling purposes on the understanding that at least three wells would be drilled on the structure this season.

Mr. Yorath was enthusiastic over this new structure and while he made it very clear that the drill alone would reveal the facts, the reports of their technical experts were exceedingly encouraging, pointing to the finding of commercial oil production somewhere on the dome. Mr. Yorath did not state the exact location of the leases, but it is understood they include acreage in townships 2-17, 2-18 and 4-16-W-4.

The gas company chief further announced the probable drilling of another gas well in the Foremost field this summer. He expressed confidence in the Turner Valley field, pointing to the long sustained production record of Royalite No. 4. He looked for the completion of other commercial wells in the valley. Another important feature of the address was a statement that steps were being taken to conserve the residue gas of the Turner Valley naphtha wells thrown off as waste in the summer when consumption is low. Progress had been made across the line in retaining this dry gas in the field to be tapped in the future.

Montchatel Mines to Launch Exploration

Montchatel Mines, a new Quebec operation, backed by Cobalt oldtimers, is getting ready to push ahead the exploration of its property. Holdings consist of 200 acres in Boischatel, adjoining Tonopah, Towagamac and Arntfield; 160 acres in Boischatel, adjoining Pioneer and Cons M. & S. Co. groups, and 200 acres in Dufresnoy, and 400 acres in Montbray.

Considerable work has been done on two of above groups with satisfactory results and excellent camp buildings have been built. The north part of the Boischatel group has been pretty well prospected by trenching and a massive body of disseminated pyrite and pyrrhotite located, carrying chalcopyrite, zinc and gold.

A dip-needle survey was made of the south part of this property and an extensive zone of magnetic attraction found. It is proposed to explore this by blasting and trenching immediately as it is in low ground and the work can be done while ground frozen.

The geology on the other groups is good and the company starts out only after a considerable amount of money has been spent in preliminary development.

Among the directors are C. H. Moore and Jas Rattray, M.E., who are well and favorably known in northern mining circles. Mr. Rattray is the consulting engineer and the immediate work will be under his direction, with W. H. Fairburn in charge of the property.

OLD ONTARIO GOLD GROUP ARE TAKEN FOR COPPER VALUE

Norrington Development Makes Interesting Move in McElroy Tp.

MONTREAL.—Norrington Development Co., is expanding. It recently acquired an old property in McElroy Tp., Ontario, that had been worked 20 years ago as a gold proposition, but which was finally abandoned because it was found that copper values interfered with the gold and smelting facilities were not then available. Some of the workings have already been cleaned out and as a result of study by the company's engineers, a discovery in an old bench has led to the tracing of a 20-ft. ore body for several hundred feet on surface.

Surface samples give a value of $30 in copper and gold and it is the intention of the company to carry on aggressive surface work immediately preparatory to sinking a working shaft. The property is only four miles from the railroad at Dane Station on the T. & N. O. Ry. and the Northern Light and Power line runs within two miles of the property.

Engineers report that the ore from this property is of an exceptional commercial grade as exposed and also the geological conditions are highly favorable.

New Silver Discovery

The company also has during the last six months, based on geological formation, acquired 1,000 acres in the township of Parliament, twenty miles north of Island Falls, Ontario, for silver. The geologists state that the formation in that immediate section is similar to Cobalt and it is the company's intention to carry on intensive prospecting in this area in the spring. While reports have been made of finding native silver on these properties it will be impossible to fully determine this until the snow is off the ground.

The company is having a magnetometer survey made on its properties in Duprat and Dufresnoy townships with excellent readings.

The property at LaSarre, Que., which has been diamond drilled recently and considerable surface work done, is temporarily closed down awaiting for more favorable climatic conditions in order to work out the geological situation.

It is the intention during the coming summer to keep at least six well organized crews for prospecting in the provinces of Quebec and Ontario looking after new areas.

The company has some 7,000 acres in the two provinces which will be aggressively prospected and developed during the coming summer. Among the above mentioned acreage is 1,000 acres in the township of Montbray near the property now being developed by Nipissing.

Car of Ore Shipped From Jay Copper Mine

A car of ore, comprising approximately 35 tons, has been shipped by Jay Copper from its property near Amos, Que., to the American Metal Company, Carteret, N.J. The purpose in making this shipment is largely with a view to ascertain the average grade of ore opened up by drifting on No. 1 Vein at the 200 foot level. At the Carteret plant this ore will be put through a mechanical sampling process, the results of which will be much more accurate than the rough methods of underground sampling.

Ontabec Takes Up Additional Holdings

Ontabec Limited has recently acquired 800 acres, situated between the Huronian Belt and Brownell properties in Clericy and Joannes. Good showings have already been revealed on the northern portion of the proprty; one vein of quartz carrying copper has a width of eight feet, while gold occurrences have been uncovered in four other places on the group.

Another 160 acres have been staked slightly north of Waite-Montgomery in Dufresnoy. These new properties will be thoroughly prospected and developed in the spring.

All preparatory work had been finished prior to the Swedish Electrical Survey on the Hecla-Ontabec group adjacent to Noranda. Outstanding surface indications have been found on this large group and the possibilities of locating commercial ore is excellent.

Payments due company this year total $256,000.

London Options B.C. Mine

London, Eng., interests have secured an option on LaRose mine, Alice Arm, B.C. A 40 ton shipment from this mine to the smelter recently gave 177 ounces of silver and $4.35 gold.

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Imperial Oil Subsidiary Has 1,316 Paying Wells on Its Peruvian Property

International Petroleum Contributes Half of Present Dividend Requirements of Parent; Development is Continuing

International Petroleum, a subsidiary of Imperial Oil, at the end of 1926 had 1,316 producing oil wells and six gas wells on its Peruvian property, an increase of 114 oil wells and two gas wells in a year. The drillers made 147 holes in the year and 124 were productive, and the average initial production compared favorably with initial production of wells drilled in the previous year. Total footage drilled was 260,000.

The largest well had an initial capacity of 3,100 barrels per day. There are 50 strings of tools in operation and the absorption plants in the field recovered 11,040,447 gallons of gasoline. The residual gas recovered in these operations is used for fuel in the field and in the refineries.

International Petroleum in the year had produced 8,632,000 barrels of crude oil in Peru, and the operations in Colombia made the production for this subsidiary of Imperial Oil 15,075,540 barrels. Operations are being extended in both fields.

On Dollar Basis

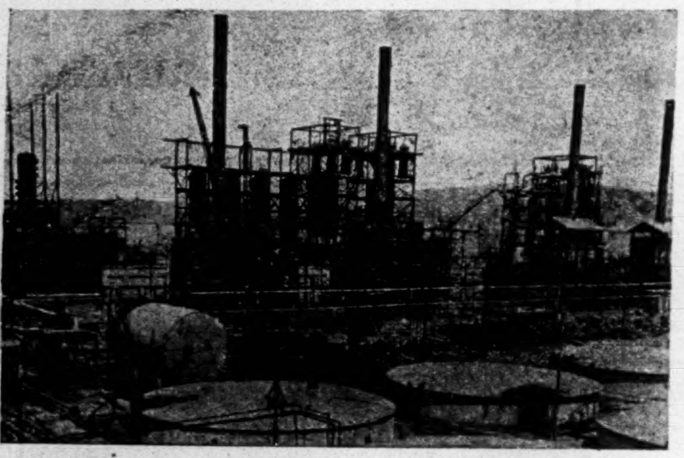
It is estimated that International Petroleum contributes nearly half the dividend requirements of Imperial Oil. International Pete is paying a dividend of $1 the share, although it is still in the development stage. Its earnings have been adequate both for expansion and dividends. Imperial Oil is said to own between 4,000,000 and 5,000,000 shares of International Petroleum common stock, having a market value of $33 the share.

There are about 6,515,000 shares of Imperial Oil issued, of which between 75 and 80 per cent. are believed to be owned by Standard Oil of New Jersey. The present market value of this stock is nearly $300,000,000. This is thought to be in excess of the book value, but the potential earning power of Imperial Oil's own operations and those of its subsidiaries (International Petroleum, Tropical Oil Co., and Andean National) is considered enormous.

With only 1,600,000 shares of Imperial Oil in the hands of the public and with many thousands of these kept in vaults by investors, observers of the stock market are of the opinion that there will not be much fluctuation in the market value of these shares. Although the company publishes no financial statement, it is estimated that earnings applicable to dividends and depreciation are between $20,000,000 and $25,000,000 annually. Present dividend requirements are about $9,000,000, the dividend being $1 the share plus 12½ cents bonus in current quarter.

Failure of Imperial Oil to give its shareholders information to which they are justly entitled has not made the stock any the less attractive to investors in view of the uniformly happy experience of shareholders.

Where Imperial Oil Subsidiary Gets Half Its Crude



Refinery owned by International Petroleum, at Talara, Peru, where cracking process has been developed most efficiently. Picture is a general view of the cracking coils, looking Northeast.

CANNERS EARNS $539,401 IN 1926; POSITION STRONG

5.92 Per Cent. is Short of Preferred Dividend; Business Grows

Although Canadian Canners in 1926 fell a little more than 1 per cent. short of earning preferred dividends, the balance sheet as at December 31st shows improvement over 1925 in many respects. The earnings were 5.92 per cent., compared with 5.27 per cent. for 1925.

Total assets are up from $17,794,972 to $21,479,272. Investments and contingent reserve are up from $1,344,599 to $1,812,960. Current assets are up from $4,255,391 to $5,729,417. Current liabilities increased from $1,373,122 to $2,247,788, but working capital has increased from $2 882,269 to $3,481,728.

Net profit for 1926 was $539,401, compared with $480,372 for 1925. Gross profit last year was $777,230 and bond interest amounted to $237,828. Gross profit in 1925 was $722,424, from which was deducted $242,052 for interest on bonds. Outstanding bonds at this time are $1,389,535 of 6 per cent. 25-year bonds of Dominion Canners, and 25-year 6 per cent. general mortgage bonds of Canadian Canners to the amount of $2,640,000.

Inventories Increase

Owing probably to the increase in inventories, due mostly to the necessity for the manufacturer to carry stocks pending receipt of orders from distributors, the company's bank loan was increased to $1,559,096 at the end of 1926, compared with $792,295 at the end of 1925. In this regard, the report of the directors notes that inventories have been taken more conservatively than formerly and it also is asserted that the trend of business is to buy from hand-to-mouth rather than several months ahead of requirements, and that this throws the burden of carrying stocks on the manufacturer rather than the distributor.

"This condition will probably continue," says the report, "but the moment we get into the short-crop year, which happens periodically, the distributor will again buy freely and show avidity in taking early delivery in order to make sure of his supplies at the lowest prices of the season."

Sales last year were slightly in advance of 1925 and the improvement, in all probability, would have been more marked if the British coal strike had not interfered with the export market. The company's domestic business is growing rapidly, thanks to a policy of achieving greater volume by lower retail prices, by an aggressive advertising campaign and by a policy of co-operation with the distributor and retailer.

Forecast Growth

The company anticipates an increase in the consumption of canned foods from year to year as the country grows and as the company's products become more widely known and appreciated. It is asserted that the company's facilities for production of high-grade goods are unexcelled in efficiency and the diversity is an important factor in achieving stability of earnings.

The market action of the common stock of this company has caused considerable comment in the last three months. With the arrears of dividends on the preferred accumulating every quarter (19 per cent. is the total of the arrears) the common, on which, it would seem, a dividend is remote, nevertheless has been strong on the Toronto stock exchange. There is no explanation for this firmness, although it has been guessed that the directors have some plan in mind which would revise the capital structure in some way as to improve the chances of distribution of profits on the common.

Outstanding preferred amounts to $9,114,282, compared to outstanding common of $2,282,412. Both stocks are $100 par.

Profit and Loss

	1926	1925	1924
Profits	$ 777,229	$ 722,423	$ 704,264
Bond interest	237,828	83,893	85,254
Int. on loans	....	158,159	158,536
	$ 237,828	$ 242,052	$ 243,790
Net profit	$ 539,401	$ 480,371	$ 460,474
Pref. dividend	364,568	295,874	....
Inv. and Cont. reserve	650,000	....	....
Balance	$ x475,167	$ 184,497	$ 460,474
Prev. balance	995,621	811,123	350,649
P. & L. balance	$ 520,454	$ 995,620	$ 811,123

x—Debit.

Stock Market Record

	Common High	Common Low	Preferred High	Preferred Low
1925	15	11½	69½	56
1926	22	12	76½	60
1927x	39½	21	86½	76

x—To March 5.

Great Opportunity in Canada For Utilization of Fish Waste

Waste in Canadian commercial fisheries is roughly one quarter million tons annually, according to a report issued by the Natural Resources Intelligence Service of the Department of the Interior at Ottawa, on the by-products of the fishing industry in Canada. Further detail would indicate that, of the Atlantic dried fish and the Pacific coast salmon, nearly one-half by weight is wasted; of the Canadian lobster three-quarters is wasted; halibut heads, equal to one-sixth of the fishes' weight thrown away and one-quarter of the fish caught are unused.

The three staples of manufactured by-products, fertilizer, fish oil and fish meal, give rise to important industries in Norway, Denmark, Britain, United States, Japan and elsewhere, but so far have been exploited in Canada only to a limited degree and with chequered success. When it is considered that Canada possesses one-half of the two greatest salt water fishing areas of the world, it seems strange that so far the home demand for oil and meal have not been met in spite of a protective duty of 12½-20 per cent, and that these by-products of our fisheries in 1923 and 1924 amounted to only one-half of one per cent. of the total value of fish marketed as compared with 7 per cent. in Japan.

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MINING STOCK QUOTATIONS
Week Ending March 8

	Par Val. $	Div. Rate	Yield	High for wk.	Low for wk.	Close Mar. 8	Sales for wk.	Range, 1926 High	Range, 1926 Low	Range, 1927 High	Range, 1927 Low
Aconda	1	...	...	31¼	23	26	12600	..	..	45	21
Amulet	1	...	...	1.38	1.22	1.35	131150	2.98	.90	2.89	1.22
Algonquin	1	...	...	3½	3	3	15600	6¼	1¼	5¼	2
Apex	1	...	...	3	2½	3	2500	6	2¾	3½	2
Area	1	...	...	48	34	41	293995	1.55	.21	1.95	.29
Argo. Con.	1	...	...	48	37	41	1090325	67	18½	58	34
Atlas	1	...	...	4⅞	4½	4⅜	81100	5	1⅝	5½	2
Abana	1	...	...	31	29	31	8900	..	..	31	20
Amos	.	...	...	46	46	46	5500	..	..	56	40
Baldwin	1	...	...	3	2½	2¾	43600	6⅞	1	4¾	2½
Bard	.	...	...	1.50	1.00	1.40	37200	..	..	1.50	.50
Ajax	.	...	...	39	34	35	8300	..	..	44	6½
Barry Holl.	1	...	...	50	37¾	.39	399950	1.00	.21	1.00	.40¼
Beaver	1	...	...	68	65	65	20200	99	51	75	59½
Bellellen L.	1	...	...	21	20½	20½	12000	23½	20	23½	17
Bidgood	1	...	...	6½	6	6	7000	9⅝	4½	9½	5½
Bourlamaque	1	...	...	1.50	1.50	1.50	26700	1.45	1.02	1.53	1.43
Buckingham	1	...	...	8½	7	8½	66100	7¾	2	9½	6
Boischatel	.	...	...	14	12	12½	33750	..	..	27	12
Cen. Manitoba	.	...	...	1.23	1.12	1.20	13850	..	..	1.31	1.07
Can. Lorrain	1	...	...	49½	43½	44½	17750	93	57	72	43½
Capitol S.	1	...	...	30	25½	27	25450	48½	24	34	25
Castle Tre.	1	...	...	1.07	1.05	1.05	42750	1.85	.91	1.27	1.02
Chaput H.	1	...	...	8½	5	7½	81800	22	3⅛	10	4⅝
Clifton	1	...	...	2	1½	1½	6000	6½	1	2	1
Coniagas	5	...	...	4.00	4.00	4.00	200	4.85	3.00	4.40	3.80
Coniaurum	5	...	...	3.35	3.10	3.25	5000	4.45	3.00	3.50	3.00
Col. Kirk.	1	...	...	3⅞	3	3½	101100	6¾	2	3⅞	2
Cons. Smelter	25	10	4.06	253	245	246	7162	265	177¼	255	242
C. W. Dome	1	...	...	15¼	11½	12	214250	29½	14	19	11½
Crown Res.	1	...	...	9	8	8	8400	24¼	8	11¾	8
Corona	1	...	...	20	17½	18	70650	37½	20	37	13
Capital R.	.	...	...	22	20	21	58000	43	26	54½	18
Destor	.	...	...	..	..	..	...	41	40	43	40
Davidson	1	...	...	1½	1½	1½	1000	3	1½	3	1½
Dome Mines	None	2.00	22.98	8.75	8.30	8.70	5630	20.00	8.00	10.85	8.30
Don Rouyn	1	...	...	39½	25	25	48127	61	25	56½	25
Duprey	.	...	...	..	..	..	...	..	..	10	10
Duprat	1	...	...	18	16	16¾	273125	35½	10	34½	15
Fiske	.	...	...	16	16	16	4000	16	12	30½	13
Everett	1	...	...	4½	4⅛	4¼	10100	12¼	3¾	5½	3¾
Goldale	1	...	...	26½	25	26	20200	43	24	30	20
Gold Hill	1	...	...	41	34	38	70015	73½	25	54	34
Gold Reef.	1	...	...	1¼	1¼	1¼	1500	5	1	2½	1¼
Grover Daley	.	...	...	20	17½	17¼	69550	32	22	37	15
Hillcrest	100	6	10.00	60	60	60	5	65	55	65	60
Hill Top	1	...	...	17½	16	16	8300	31¾	20	24	15
Hollinger	5	26	6.19	21.90	20.70	21.00	6655	21.00	16.65	22.65	20.00
Harvey Gold	.	...	...	50	47½	48	1100	..	..	53	42
Indian	1	...	...	7	6¾	7	4000	14½	3¾	11	4
Int. Nickel, c.	None	2.00	4.87	42⅞	40½	41	9164	46	33	44¾	38
Jay Copper	.	...	...	1.26	1.05	1.10	33200	1.10	.73	1.26	1.04
Keeley	1	24	16.20	1.45	1.41	1.42	29620	1.91	1.39	1.46	1.41
Keora Mines	1	...	...	9½	7¾	7¾	18025	22	11	13½	7
Kirk. Hunt.	1	...	...	23	16½	17½	65150	34	8½	35	16½
Kirk. Lake	1	...	...	91	86½	86½	102625	1.44	.69	1.00	.85
Lake Shore	1	40	2.17	18.45	18.25	18.40	5600	16.15	9.50	19.00	15.40
Lakeside	1	...	...	4½	3¾	3¾	51800	10	1⅛	6	3
Laval	1	...	...	40¾	35½	37	209075	45¾	21	55	33
La Rose	1	...	...	9⅞	9	9	6500	39	4	12	8
Lorrain	1	...	...	3	2½	2½	10400	15	2	3¼	2
Lorrain T. L.	1	...	...	..	..	..	...	1.10	.30	.40	.30
Marclay	1	...	...	41	38	40½	26200	35	30	42	34½
Macassa	1	...	...	27	24	24	8100	43	25	37	24
McKinley	1	...	...	15	13¼	13¼	13000	26	8½	17½	11
McIntyre	5	20	3.75	27.35	26.60	26.60	6993	29.75	22.70	27.50	25.05
Millcrest	1	...	...	4¾	4	4½	5500	6	4½	6	4
Mining Corp.	5	12½c	...	3.30	2.90	3.10	4325	4.45	2.60	3.50	2.90
N. Amer. Lead.	.	...	...	2.05	1.92	1.92	16315	..	..	2.05	1.71
Moneta.	1	...	...	14	13	14	2000	18	11	14	12
Montreal Rouyn	1	...	...	..	..	..	...	60	13	33	20
Noranda	None	...	...	21.90	20.50	21.10	46006	24.75	12.00	24.10	19.95
Newray	1	...	...	33	32	32	3500	45	31	33	30
Night Hawk	1	...	...	5½	4¾	5	18580	17	3¾	8½	4½
Nipissing	5	12	7.23	9.35	8.22	8.29	32957	9.25	4.90	10.30	8.10
Ophir	1	...	...	2½	2¼	2¼	3000	4¼	½	4⅝	1¾
Osisko	.	...	...	.80	.60	.80	3150	1.94	1.05	1.75	.60
Potter Doal	.	...	...	63	44	50½	236785	..	..	65	32
P. L. Cobalt	1	...	...	10	7½	9	23400	32	14½	14½	7½
Porc. Crown	1	...	...	9	7½	8	26000	12	4	11	6½
Pioneer	1	...	...	1.10	1.05	1.05	17400	1.22	.66	1.18	1.00
Premier Gold	1	82	14.34	2.25	2.21	2.23	28005	2.75	1.83	2.30	1.86
Preston	1	...	...	5	4	4¾	11000	9⅞	4	6	4
Ribago	.	...	...	58	54	54	14400	..	..	87	54
Rouyn	.	...	...	3	2½	2½	54850	9	1⅞	5	2½
Rouyn, Que.	1	...	...	..	..	..	...	4½	1¼	4⅜	2¼
St. Anthony	1	...	...	29	22½	24½	12100	..	..	31	16
South Keora	1	...	...	63	59½	62½	89250	35½	5	63	35
Stadacona	1	...	...	42½	38	38	38225	51	40	55	38
Teck Hughes	1	10	1.52	6.70	6.30	6.55	83410	5.55	2.64	6.80	5.37
Timiskaming	1	...	...	..	..	..	...	15¼	6	7	5½
Thomp. Krist	1	...	...	1	½	1	7000	3½	1	1	½
Tough Oakes	1	...	...	57	53½	54½	64425	66	36	62½	53
Towagamac	1	...	...	4.00	3.75	3.90	7255	6.10	3.15	5.75	3.75
Do., Rts.	.	...	...	7	6	6	7684	..	..	19	6
Vic. Silver	1	...	...	12	8	9½	119750	10½	3	14	4½
Vickers	1	...	...	1.45	1.39	1.42	84020	1.22	.13	1.45	1.20
Vipond	1	3	2.00	1.50	1.32	1.43	89685	2.02	1.49	1.75	1.25
Wakenda	1	...	...	4	3	3½	19000	2¾	1	5	2
Wasapika	1	...	...	2	2	2	1000	4	1	2	1
West Tree	1	...	...	3½	3½	3½	6000	4	2	4	3
Wettlaufer	1	...	...	..	..	..	...	10	2	3	2
Wright Har.	1	37½	3.55	11.05	10.40	10.55	53130	10.00	7.75	11.05	5.85
Vac. Gas	.	...	...	18	15½	16	28400	..	..	26	3

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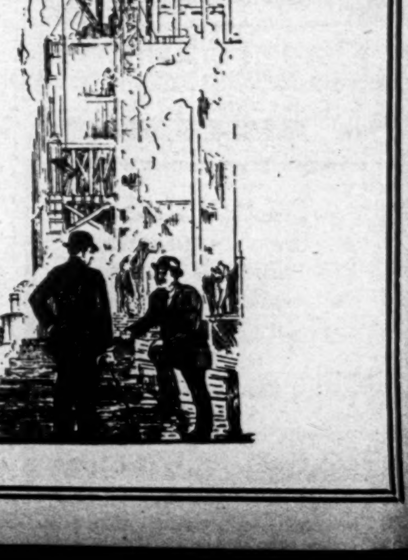

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Why Telephone Company Sometimes Sells Stock and Sometimes Bonds

Must Maintain Balanced Financial Structure at All Times

TYPES OF SECURITIES

Bell Telephone Company Financial Officer Discusses Different Kinds of Securities Issued

By J. R. LOGAN,
Assistant Treasurer, Bell Telephone Company, of Canada, in address to students in Commerce and Finance, University of Toronto.

The fixed capital of a telephone company is always large in proportion to its revenues, whereas its working capital usually is small in proportion to those revenues. The reverse is the case with most manufacturing and trading concerns.

A telephone company must take all the business that is offered to it and may not pick and choose its customers. Private businesses analyze their particular advantages and endeavor to select their customers. Just as far as possible they seek the profitable business, and retain at all times the right to decline to do business with undesirable customers, or in unprofitable territory.

Must Borrow at Any Price

A telephone company, because of the continuing necessity of procurin new money in order to furnish the additional service called for, cannot delay its expansion program on account of general financial conditions. It has, therefore, to go into the money market, even when capital costs are high, and must pay the prevailing price for whatever funds it secures. The situation of an industrial concern is the reverse. It may expand or not, just as its owners desire, for it has assumed no obligation to furnish to the public either commodities or service. If money is tight and interest rates are consequently high, the expansion of the concern can, and most likely will, wait until such rates have returned to reasonable levels.

Furthermore, the rates of a telephone company are subject to regulation. The delay — and likewise expense—which may be incurred by a telephone company before a general increase in rates is approved is something unknown to the ordinary business, which may alter its prices overnight.

General Financial Considerations

There is no royal road open to telephone companies for the acquirement of new capital. They can obtain it only in the open market in competition with all other users of capital.

It is the practice of most corporations to finance partly through capital stock issues, and partly through issues of interest-bearing securities such as bonds and notes. The expansion of industry, in general, is undertaken only from the desire for profits, and the rate of profit must be higher than the rate of interest. or the owner of the capital will prefer to lend his money out at interest rather than to buy a share in a property. In other words, stockholders are attracted by profits, and if there are to be no profits there will be no stockholders. When a corporate enterprise is profitable from the stockholders' standpoint, a portion of the capitalization can wisely and readily be obtained through the issuance of interest-bearing securities at a rate of interest lower than the rate of return on its capital stock; for when a portion of the capitalization is compensated only at the rate of interest, the proportion of total earnings left for the stockholders will be relatively greater.

Borrow in Open Market

It is to a general money market, actuated by considerations such as these that utility companies serving the public must bring their offerings and submit them in open competition with the offerings of industrial undertakings of every kind requiring capital.

Public regulation of the telephone business eliminates the possibility of the companies gaining a speculative "profit" as the term is generally understood. Therefore, as their shareholders do not expect—and cannot obtain—the speculative profits that arise in other industries, especially in prosperous times. they must, when all differences in risk and other conditions are duly considered, be placed on a parity with other investors. Thus the stockholder to compensate for the absence of speculative profits. is entitled to demand that his return be steady and permanent, and large enough to justify reasonable dividends and to protect his principal against impairment or loss.

If the stockholder's earnings are insufficient, the bond investor will take his money to some safer market; and if the discouraged stockholder cannot or will not furnish additional funds himself. the expansion ceases. If, on the other hand. the rate of earnings on the stock is attractive and furnishes ample protection to the interest requirements, the bond investor will compete for admission to the enterprise by lowering the rate of interest he demands.

How New Money is Raised

The factors involved in determining the method by which new money shall be raised will now be considered.

The purpose of a telephone company in procuring new money is to invest it permanently in plant. Permanent financing is, therefore, the kind of financing it most desires. Temporary (or short-term) financing is usually undesirable, except when interest rates are very high, or in advance of permanent financing.

Stock and funded debt are the media used by a telephone company for doing its permanent financing. By stock is meant common and preferred stock, and by funded debt, various classes of bonds which will be discussed later.

The choice as to whether stock or bonds is to be issued is determined by two main factors:

1. The condition of the investment market.
2. The necessity of maintaining a well-balanced financial structure.

By "condition of the investment market" is meant the availability of funds for purposes of investment; in other words, conditions with regard to the demand for and supply of investment securities, which have a most important influence on the cost of money.

Well Balanced Structure

And what is a well-balanced financial structure? It is one where both stock and bonds are issued in such proportions as to keep the company's credit good, and leave ample margins for further borrowings at satisfactory rates of interest, and also to permit further stock issues to be made as and when desired.

It is generally considered advisable in the telephone business to maintain the ratio of stock to bonds at higher levels than may be actually necessary so that if it should be impossible to sell stock over an extended period, the requisite financing might be done through bond issues without impairing the conservative character of a company's financial structure.

As bonds of a telephone company usually bear a lower rate of interest than the dividend rate on stock of the same company, the question may be raised: "Why do not telephone companies finance all, or the major portion, of their requirements by the issue of bonds?" The answer is—that not only would it be unsound finance to try and do so, but it would be impossible, as bond investors desire safety above all else, and this they would not have if a company's whole financial structure were composed of funded debt. Furthermore, if such a practice were possible it would attach a speculative element to a company's bonds, which would result in much higher interest rates having to be paid thereon.

Risk of Receivership

When a very high proportion of a company's capitalization is represented by bonds the risk of receivership is by no means a negligible factor. It is well to keep clearly in mind the distinction between a bondholder and a stockholder; the former is a creditor (a preferred creditor) and must receive interest at stated intervals on the amount he has loaned, whereas the latter is an owner and as such must take all the risks incidental to his business. These risks apply both to the investment and to the return thereon.

This will indicate why the interest rate on a bond is lower than the dividend rate on stock of the same company. In brief, it is the relative safety of the two securities which accounts for the difference in rates.

Different Kinds of Bonds

The different types of bonds issued by telephone companies are mortgage bonds, collateral trust bonds, convertible bonds and debenture bonds or notes.

Mortgage Bonds. — Of the four types of bonds just mentioned, mortgage bonds are the ones usually issued by operating companies, such as the Bell Telephone Company of Canada. All of our funded debt is comprised of this type of bond.

Such bonds form a lien or mortgage on a company's property—usually not only on that owned at the time the trust indenture and mortgage is drawn up, but also on all property which may subsequently be acquired. The interest on these bonds is a fixed charge, and must be paid when due. If, owing to decreased earnings, a company should be unable to meet an interest payment on its due date, the bondholders could foreclose their mortgage, and through the trustee named in the mortgage either take possession of and operate the property themselves so as to protect their investment, or dispose of it to the best advantage. In the case of a sale of the property the bondholders' main consideration would be to procure not less than the amount loaned by them to the company; little thought would be given to the stockholders' investment.

This type of bond is most favored by conservative investors, as it gives them the maximum protection of their investment.

Collateral Trust Bonds. — These bonds are usually issued by telephone companies which have subsidiaries. The securities of the subsidiary (usually the stock) are deposited with a trustee as collateral security for the bonds of the issuing company. The holder of a collateral trust bond cannot exercise the right of foreclosure in case an interest payment is defaulted. He can take, however, possession of the pledged securities and may sell them.

Convertible Bonds. — Convertible bonds are sometimes issued by a telephone company. These bonds are so named because they contain a provision permitting the holder at his option, during specified years of the life of the bond, to convert his bond into stock, usually by the payment of a premium. This conversion provision sometimes combines a safe speculation with a conservative investment, particularly when the earning power of the common stock is well assured.

Bonds with a convertible provision would only be issued at a time when money was tight, and the condition of the investment market was such that stock could not be sold, or that bonds without the conversion privilege would not sell readily, or would command a higher rate of interest. The convertible provision makes a bond attractive from the investors' point of view. These bonds are usually unsecured.

Debenture Bond.—A debenture bond or note is a direct obligation of the company, but is not secured by mortgage or pledge. In other words, this type of bond is an unsecured promise to pay, based on the general credit of the borrower, though it is ordinarily backed up by many protective and restrictive covenants and provisions.

If a company should default in carrying out its obligations in connection with an issue of debenture bonds, the holders of these notes can presumably throw the concern into receivership, to be operated for the benefit of the creditors until such time as the default shall be made good.

No Sinking Fund Needed

A sinking fund is not needed for telephone bonds because a telephone company intends to have a permanent funded debt, permanent being here used in the sense of "continuing."

Telephone companies neither receive—nor do they expect to receive—rates from the public which will permit them to make a yearly retirement of their funded debt out of net income. The only other medium by which sinking fund apropriations could be made, would be through the issue of stock or bonds. As long as a company has a well-balanced financial structure it has no desire to replace bonds with stock, and assuredly there would be no purpose in retiring one bond with the proceeds from another (except at maturity, or in order to replace the bond by one bearing a lower interest rate).

Sometimes a provision is attached to telephone bonds to the effect that a certain amount shall be provided yearly for the purchase of bonds at a certain price, but if bonds are not purchasable at that price, then the funds may be used for capital expenditures. This provision, however, is only added in order to make the bond more attractive to the investor. Investment bankers usually desire the sinking fund feature to be attached to the bonds they underwrite, as the yearly retirement (through purchase) of large amounts of bonds each year helps to sustain the market.

Provision for redemption after a certain date is often a prominent feature of telephone bonds.

Stock Issues of Company

One of the most important instruments of finance is stock. It represents the owners' interest in the business. In the telephone business both common and preferred stocks are issued. Some companies have both kinds outstanding, while others have issued only common stock. The common stock of the majority of the larger companies has a par value of $100, and none of the large companies in Canada or the United States has stock of no par value.

Common Stock. — Common stock, which represents the greatest business risk, is the foundation of the whole financial structure of a telephone company. When a company has a firm foundation of common stock it may safely build up its organization through the issuance of securities carrying lesser risks, and consequently lower yields.

Common stock, in the majority of cases, carries with it the right to manage the company's affairs though the exercise of the voting privilege by the stockholder, although sometimes the preferred may vote too.

New Issue to Stockholders

The standard practice among telephone companies, when raising additional capital through the sale of common stock, is first to offer the stock to stockholders. They are given the right to subscribe for one new share for every so many shares held at a certain date.

Preferred Stock.—Preferred stock of a telephone company carries with it the right to a fixed rate of dividend, which is to be paid to the owner before any dividends are given to common stockholders. These dividends are cumulative. The preference also applies to the assets, up to the par value of the stock.

In return for his preference the holder of preferred stock is ordinarily given no voting power which will enable him to have a voice in the management of the company, although in one company that I have in mind the preferred has at all times equal voting rights with the common. Should dividends be defaulted for twelve months or more, it is usual for the preferred to have equal voting rights, share for share, with the common, until all dividend defaults are made good.

In most cases the preferred is redeemable as a whole or in part on any dividend date on thirty to sixty days' notice. The price at which redemption may be made usually runs between $105 and $110.

Britisher Now Smokes Fags Blended From Canadian Leaf

At the annual meeting of Imperial Tobacco Company of Great Britain, reference was made to the fact that some of the most popular brands of cigarettes and tobaccos in the Old Country are being blended from tobacco grown in the British Empire, including Canada.

The president's report continued: "It may interest you to know that, in connection with our purchases of Empire leaf, directors or officials of the company have during the year under review visited the Dominion of Canada, where we have completed the building of a large leaf factory, the Union of South Africa, Rhodesia, Nyasaland and Cyprus."

MONTREAL STORAGE SOON WILL BE READY

Contracts For Space Now Being Booked—Work is Well Ahead of Schedule

MONTREAL. — The large terminal warehouse for the Montreal Rail and Water Terminals is progressing rapidly. At the present time the roof of one section of the building is completed, and the pent houses, parapets, and curtain walls are progressing rapidly. On the cold storage section, the 8th floor is now being poured, and it is expected that the roof will be completed about April 1st.

Montreal Rail and Water Terminals warehouse is one of a chain of similar structures being built in Canada. The Toronto unit operating under the name of Canadian Railway and Harbor Terminals is now open for business.

The Montreal warehouse will have a total area of 577,000 square feet floor space. The cold storage section will consist of 141,000 square feet floor space.

The building is served by two sidetracks from the Canadian Pacific Railway, and the loading platforms are located on Craig Street and Wolfe Street, and a new street to be opened, running from Wolfe to Montcalm, so that the area of driveways is very liberal, and truck movements from the warehouse will cause no possible congestion.

The front end of the building will be occupied by officers which will be divided to suit the tenants. These offices will be thoroughly fireproof, and will be rented to tenants that have goods stored in the warehouse.

Graham W. Curtis, formerly of the Canadian Pacific Railway, is president of this warehouse company, and is making contracts for the rental of offices and warehouse space. It is expected that several floors will be let in their entirety to a few of the large distributors of the city of Montreal.

The dry storage section of the warehouse will be open for business about May 1, and the cold storage not later than August 1. The building was started late in November. The contractors are at present at least a month ahead of their schedule, which calls for completion by August 1st.

This issue of stock having been oversubscribed, this advertisement appears as a matter of record only

NEW ISSUE

$300,000

Hunt's, Limited

(Ontario Charter)

7% Cumulative Sinking Fund First Preferred Stock

Transfer Agent: The Canada Permanent Trust Company **Registrar:** The Trusts & Guarantee Company, Ltd.

Par value $100 per share. Fully paid and non-assessable. Cumulative dividends payable quarterly, 1st January, April, July and October, by cheque negotiable at par at any branch in Canada of the Royal Bank of Canada. Preferred as to cumulative dividends at the rate of 7 per cent per annum, and as to assets to the extent of $110 per share. An annual sinking fund is provided for the retirementof this issue of 10 per cent. of net earnings after providing for depreciation, income taxes and dividends on the preferred stocks. Redeemable in whole or in part at the option of the company on 60 days' prior notice at $110 and accrued dividend, or the company may purchase for redemption in the market at a price not exceeding $110 per share plus accrued dividends and costs of purchase.

CAPITALIZATION

	Authorized	Issued
7% Cumulative First Preferred Stock ($100 par)	$900,000	$300,000
7% Cumulative Second Preferred Stock ($100 par)	100,000	100,000
Common Stock (without par value)	15,000 shares	15,000 shares

From a letter written to us, Mr. H. W. Hunt, President and General Manager, summarizes as follows:

BUSINESS AND PROPERTY: Hunt's, Limited, operates a chain of eighteen candy and ice cream stores and tea rooms located in the cities of Toronto and Hamilton. The business was founded in 1905 with one store in Toronto on a capital of $1,706. With the exception of $35,000 added in 1919, no further capital has been utilized except that supplied from earnings. The company makes all its own candy, ice cream, cakes, pastry, rolls and bread in a modern factory owned outright and containing approximately 30,000 square feet of manufacturing space. Exceedingly valuable leases on some of the most prominent business locations in Toronto are owned by the company. Its candy store in the King Edward Hotel is one of the finest and largest in Canada, and the tea rooms in its Yonge and Bloor St. store serve from 16,000 to 18,000 meals monthly. A fleet of ten trucks and cars is maintained for the supply and inspection of the retail units.

The stores have distinctive white fronts, are uniformly and efficiently equipped, and the highest ideals of service to the public are maintained. A feature of the business is the rapid inventory turnover, stocks being disposed of, on the average, over twenty times per year.

ASSETS: Based on the attached balance sheet as of December 31st, 1926, as certified by Messrs. Thorne, Mulholland, Howson & McPherson, current assets totalled $171,294.75 against current liabilities of only $36,736.75, giving a working capital ratio of over 4½ to 1, and net tangible assets were equivalent to more than $175 per share of the First Preferred Stock outstanding.

SALES: Sales for each of the six calendar years 1921 to 1926 were as follows:

1921	$314,377.50	1923	$404,175.99	1925	$497,362.20
1922	350,121.88	1924	407,784.76	1926	685,301.58

In the five years ending in 1926, sales increased over 117 per cent., and each year's sales showed an increase over those of the previous year.

EARNINGS: Net earnings for the past three calendar years, as certified by the auditors, Messrs. Thorne, Muholland, Howson & McPherson, after providing for all charges, including ample provision for depreciation, were as follows:

	1924	1925	1926
Net earnings after depreciation	$28,508.83	$43,849.66	$54,440.85
Less Income tax	2,524.07	3,443.37	3,979.92
Balance after all charges	$25,984.76	$40,405.79	$50,460.93
Dividend requirements on First Preferred Stock (this issue)			21,000.00

The balance available for dividends for the year ending December 31st, 1926, after depreciation and taxes, was at the rate of 16.82 per cent. on the First Preferred Stock, or 2.4 times the dividend requirements.

Earnings for the first two months of 1927 have been in excess of those for the corresponding period of 1926.

SINKING FUND: For the redemption of the First Preferred Stock, provision is made for an annual sinking fund of 10 per cent. of net earnings for the preceding fiscal year, after providing for depreciation, income taxes and dividends on the preferred stocks.

PROTECTIVE PROVISIONS: So long as any First Preferred Stock remains outstanding, no additional shares of prior or equal rank shall be issued and the company shall not place any encumbrance on its fixed assets, except purchase money mortgages or security to its bankers, without the consent of the holders of 66⅔ per cent. of the First Preferred Stock. Other provisions for the protection of the holders of this stock are also provided.

MANAGEMENT: The same management which has so successfully conducted the business in the past will remain in active charge. Mr. H. W. Hunt, who will continue as president and general manager, retains a controlling interest in the company. Mr. L. K. Hergert, who has ably assisted Mr. Hunt in the management for the past eight years, will continue in the position of secretary-treasurer. A representative of the bankers underwriting this issue will be elected to the board of directors.

PURPOSE OF ISSUE: The proceeds of this issue will be used for the opening of new stores, the enlargement of the factory, the purchase of properties, the augmentation of working capital, and for other corporate purposes; and also, to a minor extent, in the acquisition of the shares of former holders of preference shares.

These shares are offered, when, as and if issued and received by us, subject to the approval of all legal details by our counsel. Mr. W. Kaspar Fraser, and by Messrs. McMaster, Montgomery, Fleury & Co., for the company.

PRICE: 100 and accrued dividend, with a bonus of one-half share of no-par Common Stock*

First dividend instalment on the First Preferred Stock accrues from March 15th, 1927, and is payable July 1st, 1927. Fractional shares of no-par value Common Stock will be adjusted at a price of $20 per share.

We recommend these First Preferred Shares for investment.

Application will be made in due course to list both the First Preferred and the Common Stocks on the Toronto Stock Exchange

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MURRAY & COMPANY
Metropolitan Building
TORONTO

The statements contained in this advertisement are based on information we believe to be reliable, and on which we acted in purchasing these shares, although we do not guarantee their accuracy.

Street Railways Use Buses to Handle Peak Load Crowds in Cities

New Mode of Transport Not Opposed by Traction Operators

CHANGED VIEWPOINT

From Antagonism of 5 Years Ago, Attitude Has Changed —Now Car Lines Own 15 P.C. of Buses

Five years ago the street railways were the biggest opponents of bus transportation in Canada. To-day more than fifteen per cent. of all the buses in Canada are owned by street railways. So declares Arthur Lowe, associate editor of Bus and Truck Transport in Canada. In an article in his paper, Mr. Lowe discusses the part played by buses in solving the peak load transportation problems of modern cities and the employment of buses by street railways. The article continues:

This contrast, I believe, is fairly indicative of the change of feeling which has taken place in recent years by the electric railways toward the motor bus. That the change should have come in so short a time is a tribute to the business judgment of electric railway executives.

The change is the more remarkable because in nearly every case street railway companies and commissions possessed franchises which were, in effect, absolute monopolies within certain defined limits. Had they continued antagonistic to the bus indefinitely it would have been understandable, and no one could have questioned their wisdom. From the point of view of the street railway executive the bus was a competing mode of transportation which might conceivably endanger the street railway investment. On the face of it support for the bus means damage to the railway. In spite of this logical deduction electrical transportation concerns have entered the bus field and they deserve commendation for their courage and foresight.

Not Out To Kill Bus

In a recent address T. R. Dahl, vice-president of the White Motor Company, said that there had been a strong suspicion among motor bus operators that electric railways had begun bus operations for the purpose of killing that kind of public passenger transportation. They suspected, he said, that the railways put "trick" in "electric" as a warning to their competitors. Present operations in Canada, at any rate, have effectively removed such a suspicion. Railway executives acknowledge frankly the importance of the bus in certain phases of urban communication.

Protagonists of the bus should realize at once that it cannot supplant the electric railway entirely. The bus alone, for example, cannot cope with peak loads in the congested districts of large cities. They can be used, however, as the extension of car lines in extending service into new territories where the traffic does not justify the necessary capital expenditure for rails and power.

Feeders to Electric Lines

Buses can be used, too, as feeders to the electric lines. Urban population in Canada is increasing much faster than that of the country as a whole. In all cities expansion is taking place; suburbs are growing up and new homes are being built. City transportation facilities must be provided to serve them. The high cost of construction and maintenance of street railways makes it impossible to extend them into such outlying districts in the majority of cases. The solution is provided by the bus.

But the bus has other uses in urban transportation besides that of feeder. It can be used with equal effect in the congested districts as an aid to the packed street cars.

Already some systems are duplicated with the motor bus providing express service to the city outskirts and the trolleys providing point-to-point service. Curious though it seems, this duplication of systems may be done profitably because an increased number of short trip passengers can be carried on the street cars with a consequent increase in gross revenue. Passengers, too, are quite prepared to pay a higher fare on the buses for speedier and more luxurious service. On one system running both cars and buses it was found that although the electric line carried six times as many passengers as the buses, the revenue derived from the buses was slightly more than half the revenue derived from the trolleys.

Although the bus is so extensively used by Canadian street railways its usefulness in helping to take care of peak loads has not been fully exploited. In cities where the systems are municipally owned this is due in large measure to the attitude of the general public. The man in the street, far more than the railway executive, is reluctant to see any change which may imperil the investment in track and rolling stock. He knows that if the street car system is not maintained on a paying basis the deficiency will be met by increased taxation.

Actually there is no need for alarm, because buses, by increasing revenue, increase the value of the investment. If five buses worth $10,000 each can give adequate service in a district served by a non-paying line representing an investment of two million dollars, it is poor policy to continue piling up losses. Better by far scrap the non-paying line and invest $50,000 in buses which will show a profit. Capital investment, after all, can only rightly be considered such if it is revenue producing or if it has revenue producing possibilities.

Toronto's De Luxe Service

Although buses are not being used to cope with peak load problems to any extent by municipally owned railways they are being used to provide service for districts out of the street car zones. De luxe services, too, are being provided, notably by the Toronto Transportation Commission. The de luxe service is provided for the car owner who will avail himself of high class bus service in preference to driving his own car. Of course, it is essential that a higher fare be obtained commensurate with the service rendered.

In Toronto, at any rate, the higher fare has not proved an obstacle to this kind of operation and there seems some indications that the new mode of transportation will be extended. Toronto, with its large residential districts west, north and east, should prove an ideal city for the duplication of arterial services. In view of the very restricted size of the downtown district the peak load problem is an acute one and it could certainly be mitigated, if not entirely relieved, by express bus services running to transfer points four and five miles from the centre of the city. Fortunately Toronto possesses a progressive and courageous commission. Already the commission is the largest single owner of buses in the Dominion and there is reason to hope that bus services will be extended considerably in the future.

Want to Ride on Rubber

Personally I believe it is impossible for anybody to say definitely where motor buses should be used. It is possible, although improbable perhaps, that in the next twenty years they will replace street railways entirely. At present, however, they can only be considered as supplementary. Those of us interested in this new mode of transportation should follow closely the public trend. People want to ride on rubber and they are willing to pay a higher rate for that privilege. Street railway companies, reluctant to fill a public want, should remember that if they do not capitalize the demand the independent operator will.

In the operation of bus lines it must be remembered that the best prospective customer is the automobile owner. In spite of this, automobile owners are constantly antagonized because thoughtless bus drivers make the streets a nightmare. In some cities, too, buses are far too unwieldly for convenient manoeuvering in the traffic. In discussing this very subject at a recent transportation meeting a well-known manufacturer said: "I do not know of any better way of antagonizing the driver than by forcing him off the pavement or frightening him by a bus which at least appears to be nearly as wide as the pavement itself. Manufacturers of buses engaged in competitive selling must pretty much give the purchaser what he wants, consequently the initiative in keeping bus widths within limits must come from the operators themselves. The danger is not limited to losing customers, but even more important is the danger of punitive legislation limiting widths to an extent that will interfere with economic operation through limited seating capacity."

There is a lot of good sense in this advice and it may be applied to length as to width. A bus that requires the entire street intersection to turn round not only violates every principle of traffic safety, but antagonizes motorists who are held up and must get out of the way for that operation. "The Public First" should be the motto of an urban bus system.

Part Bus Plays in City Traffic

Can the bus play a part in solving the peak load problem of a large city? This question, as well as the general employment of buses by street railway companies, is dealt with in this article from Motor and Bus Transport in Canada. There is a marked inclination on the part of the public to ride on rubber —and they are willing to pay more for that privilege. Just how far established electric railway companies should go in capitalizing upon this demand is of first-rate importance to all those interested in the development of motor transportation.

Huge Potential Water Powers Reserved by B.C.

No less than 1,000,000 horse-power in the Lillooet district of British Columbia has been reserved by the provincial government, according to an announcement by Hon. T. D. Pattullo, minister of lands.

The reserve imposed by Mr. Pattullo covers the unrecorded waters of the Chilco and Whitewater Rivers and their tributaries, including Whitewater Lake and the unrecorded waters of Homathke and Southgate Rivers and their tributaries in the Lillooet water district.

Preliminary information would indicate, said the minister's important announcement, that there is a strong probability that not less than 1,000,000 horsepower can be developed from these waters and it is the intention to have a reconnaissance made of the situation during the summer.

The enormous industrial possibilities of the new discovery are realized by the government, Mr. Pattullo indicated. In all probability, he said, private interests will submit proposals in connection with the power discovery. He gave notice, however, that no such proposals would receive any consideration at this time as the government itself proposes to carry on investigations.

British Industries Plan Big Display at C. N. Exhibition

Plans are being made to greatly increase the size and importance of the British section at the Canadian National Exhibition, which has been run by the Federation of British Industries since 1913. The Exhibition itself will be held in particularly favorable circumstances this year, as there are strong hopes that the visit of the Prince of Wales to Canada will synchronize with the show and will mean a great increase in the interest shown in things British and in the general prestige of the British section. An increase in the numbers of American visitors is also expected, which will have important results as far as British exhibitors are concerned, since experience in the past shows that the Toronto Exhibition, with its attendance of over 1,500,000, has almost as strong a propaganda value in the U.S.A. as it has in the Dominion. Last year enquiries were received by British exhibitors from points as far distant as Texas and California, while, of course, they were very numerous from the states in the more immediate neighborhood of the Canadian border.

$21,055,841 in EIGHT MONTHS

BUILDING construction in Greater Vancouver the first eight months of 1926 amounted to $21,055,841, as against $13,224,950 in the same period last year. Figures like these indicate the solid foundation for the faith of those who are investing in Vancouver properties and industries.

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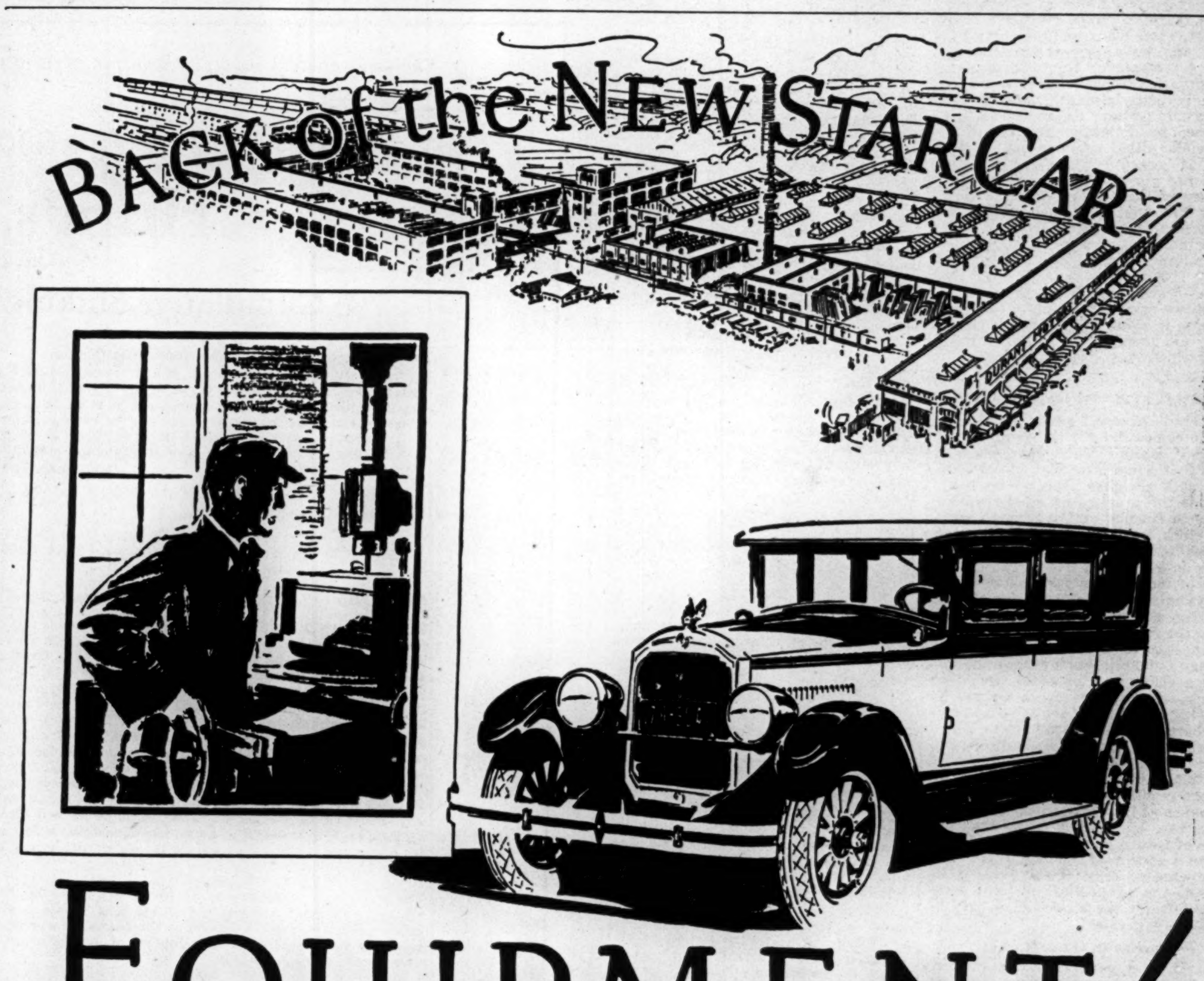

EQUIPMENT!

BACK of every New Star Car is not only a comprehensive *Knowledge* of Canadian motoring requirements and the *Skill* to apply that knowledge, but there is also the most modern *Equipment* with which to convert that knowledge and skill into a quality automobile.

The long life of the New Star Car is partly accounted for by the way in which the only machine of its kind in Canada assembles the frame. Under a 25-ton pressure, the rivets are pressed into place while cold. There is consequently no shrinkage as in the case of heated rivets and less pressure.

Therefore the frame of a New Star Car, though consisting of several parts, is actually one solid piece—a changeless foundation for the utmost in owner-service.

To this and similarly superior *Equipment* plus expert workmanship must be credited the fact that the New Star Car possesses a quality that cannot be purchased in any other automobile at or near its price.

Another reason why the New Star Car is the "Aristocrat" of the low-price field.

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Scarcity of Homestead Lands Arrest Western Canadian Development

Settlers Now Have to go Many Miles From Railway to Secure Free Lands—Government Assistance Needed

By JOHN E. LANGDON.

In any survey of the immigration question and the causes for the increase or decrease in the number of newcomers entering the Dominion from year to year, one is invariably impressed with the fact that the movement does not occur in cycles, but rather is it a steady upward swing brought about by certain influences, which may be roughly classified into three divisions—political oppression, economic depression and land-hunger. It is interesting to note that in our own case, a heavy flow of immigrants has been accompanied by a corresponding increase in the number of homestead entries filed with the Federal Government.

From 1900 up to and including 1914, our advertising campaigns and propaganda work in other countries, laid stress on the large amount of free or cheap land that could be secured in Canada almost for the asking. This was a particularly strong appeal to the European peasant, the small landowner of the British Isles and to the farmer in the United States desirous of providing farm homes for his children. It is not surprising then that homesteads should have proven the magnet for attracting many thousands of settlers during this period, the majority of whom become productive units in our economic scheme within a year or two after arriving.

Over 543,000 Homesteads

Government records show that during the first quarter of this century over 543,000 homesteads had been filed on in Canada. Of this number about 115,000 had been taken up since the beginning of the war, nearly one-third of which can be properly credited to soldier grants. Probably forty per cent. of the applicants for these lands never carried out their obligations, and. of course, did not secure title. Another twenty per cent. undoubtedly, have been abandoned owing to discouragement by lack of transportation facilities. Further losses have been sustained in one way or another and it unlikely that out of over 80,000,000 acres involved in homestead entries, that not more than 15,000,000 acres are being farmed at present.

While this computation is open to correction—no record is available as to the exact amount of homestead land still under cultivation—these figures may be said to roughly represent the area of free land in the hands of the farmers to-day given by the Federal Government since 1900. Practically all of this land is situated in the Western provinces and at a conservative valuation of $5.00 an acre, represents a premium of about $75,000,000 given by the Dominion of Canada to newcomers as a bonus to settle upon its lands.

Homestead Rush Dwindles

Until a few years ago, it was a common sight in the West to see men lined up in front of the land-titles office, waiting until a block of land was thrown open for settlement. These prospective farmers would often stay in line for several days, suffering many discomforts, for the chance of being among the first to file on a homestead. Some may say that they were impelled by mercenary motives, but to anyone knowing the hard labor and trouble involved in proving up a homestead before title is given, the reason was obviously land-hunger. It is this type of settler that we must look to for the cultivation of our vacant agricultural lands in the West.

The situation in this regard is now changed. No longer do we find long lines of men waiting in front of the land-offices to file on homesteads. Chances of proving up the entry are more favorable at present than they were fifteen years ago, but an almost insurmountable obstacle has arisen—the reservation of lands within fifteen miles on either side of existing railway lines—which has an effective discouragement to homesteading on any large scale. And we cannot expect the newcomer to do what Canadians will not do themselves and that is homestead a piece of land lying many miles from transportation with no prospect of having a railway to move his products to market for many years to come.

Much Land Lies Idle

We have in this country large areas of land suitable for agriculture, more especially in Western Canada, only a small percentage of which are under cultivation. It is obvious that there are several millions of acres adjacent to railway lines which are lying idle, much of which is in the hands of speculators. The holders of these lands are sitting back waiting for immigration to attain the same volume as in pre-war days when they can expect to sell their holdings at a reasonable advance in price. Meantime the newcomer with a small amount of capital, who is anxious to take up farming, is compelled to settle in a district far removed from the railway, or to take up work as a farm hand until he can secure sufficient money to purchase a farm in an established district. This means that after his arrival, the immigrant is living off the country and does not become a producer for several years.

In the past two or three years, the Federal Government and the Overseas Settlement Commttee have sponsored the movement of about 1,500 British families to farms already established in different parts of the Dominion. Large capital advances were necessary to transport and settle this people, and to date this type of colonization has apparently been successful. Similar results have been achieved by private organizations working along the same lines. It would not be amiss, therefore, if the government was to extend its operations along these lines, for it seems to be the only sound scheme yet devised for colonizing our vacant lands.

Large sums of money would be required for this purpose and as the government already has the machinery for carrying on this work, there would be no added expenses for administration, while loss from non-payment of loans would be very small. In this way a substantial acreage of idle land would be brought under cultivation from year to year, which would not only mean an increase in agricultural revenue, but would also serve to attract the right class of people to Canada.

It is understood that the feature that has made successive governments fight shy of such a plan is their fear that any form of tangible assistance to new citizens would be followed by innumerable requests from dissatisfied farmers at present located in Canada to be moved, at public expense, to new areas.

CALLS GOOD WILL IMMENSE FACTOR IN PUBLIC UTILITY

Divert Tangible Benefit to Company Claimed by B.C. Electric Man

"What good is good will to a public utility company?" asks the B. C. Electric Railway Employees' Magazine. The editor of that paper answers the question in this manner:

"It may often be wondered by matter-of-fact public utility employees, just when a company receives a direct tangible return for the effort it puts into the obtaining of public goodwill.

"The best answer I have read in a long time is contained in an address made by W. M. Teasdale, advertising manager of the London and North Eastern Railway, of Great Britain, before the Public Utilities Advertising association recently. He said:

" 'I frequently change the appearance of the stations by putting up new bills, sometimes of places of traffic interest of which is very small, but the public sees something new, and that we are alive. It may be that the steam heating on some trains they travel by had from time to time broken down, or that the train has arrived late. The effect of the deficiencies and omissions of the traffic department would, I claim, be more pronounced if, instead of the passengers arriving at or departing from a bright, cleanly station, decorated with smart advertisements, they were to find themselves using some dingy, ill-painted, gloomy place. The gaiety, newness and imagination which is put into the advertisements of the company, I am certain, have a very marked effect upon the clients of the railway.'

Will It Be Blame Or——?

"Any public utility company may suffer a defect in its service, due to weather, the frailties of human nature or to some outside agency. At such times, the people who are inconvenienced will either blame the company or excuse it, according to the opinion they hold of the company as a whole.

"For example, there may be a serious gap in the interurban service on the Lulu Island line, due to a bridge being open. Passengers are waiting on the platforms for fifteen or twenty minutes, and the first car speeds past them, unable to take any more on.

"What are the sentiments of these people towards the company? Do they grumble: 'The B. C. Electric's always talking about service and this is what they give us.' Or do they say: 'There must be some reason for this; the B.C. Electric certainly is out to give us good service.'

"Now what would promote the goodwill which defends the company as in the latter remark?

"Of course, there must be good service first of all. No amount of advertising can ever obtain goodwill for a company against a failure to give good service.

"But there are many other factors that work unconsciously upon the public mind and create a favorable or unfavorable impression. The public has a general impression of the company, obtained it knows not where. It knows if the company is smart or sluggish; alert or slow; painstaking or negligent; sincere in endeavoring to give service or nonchalant.

"These impressions are gained in a hundred different ways: from the color and newness of the paint on the cars; from the condition of shelters and waiting-rooms; from the up-to-dateness of its cars; from the energy with which it follows up and remedies complaints; from the way it goes after new light and gas business, and so on.

"We are apt to think that these little things, and many others, do not matter much. But the day will come when, as Mr. Teasdale remarks in the foregoing extract, the 'steam heat breaks down or the train runs late.'

Goodwill in Company Now

"In a larger way, the day will come when franchises and charters are under discussion. Will the public take the old view that the capitalistic corporation is trying to gouge the public for some valuable concession or will it believe that the company is in fairness seeking permission and opportunity to serve the public?

"As proof of the fact that we have some measure of public goodwill, this incident may be recited. A few weeks ago a letter appeared in a Vancouver paper criticising the service on the Fairview belt line. Almost immediately it was replied to by some stranger, defending the company and pointing out the injustice of the critic's remarks. The company has far more friends than critics, but it should have no unfair critics. Giving the public a good impression of the company is the surest way to forestall and prevent dissatisfaction and blind criticism."

J. H. CHIPMAN,
of the brokerage firm of Chipman, Hogg & Company has been elected a member of the Standard Stock & Mining Exchange. Mr. Chipman is well known in financial circles having recently been associated with Aird, Macleod & Co. Mr. Hogg has a very intimate knowledge of the mining industry, having spent 15 years in Northern Ontario before coming to Toronto.

BEHIND Mitchell Metalcraft there is seventy-six years' experience — the assurance that no matter what the piece, it will be executed with the utmost care and pride. We have exceptional facilities for producing the finest work in bronze and wrought iron.

Architectural Bronzes
Wrought Iron Fixtures
Commercial Bronze Plates

The ROBERT MITCHELL COMPANY-LIMITED
MONTREAL

NEWBOLD C. JONES
FREDERICK NEWTON
BRIAN HEWARD
JOHN D. MACPHERSON
JONES, NEWTON & HEWARD
MEMBERS MONTREAL STOCK EXCHANGE
105-106 TRANSPORTATION BUILDING
TELEPHONE MAIN 2411*.

P. Lyall & Sons Construction Company, Limited
Toronto - Montreal - Ottawa

Speak to the Investor in His Own Tongue

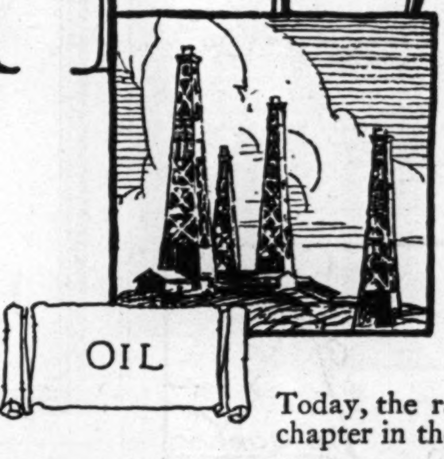
To 85% of Quebec's population, your message comes home most familiarly in French.

You can reach this industrious and thrifty body of investors through a single medium — La Presse.

It covers Montreal and Quebec Province more thoroughly and cheaply than any other medium or combination.

LA PRESSE
CANADA'S LARGEST DAILY NEWSPAPER
MONTREAL
Toronto Branch, Metropolitan Bldg: Ad. 0959. S. L. REES, Mgr.

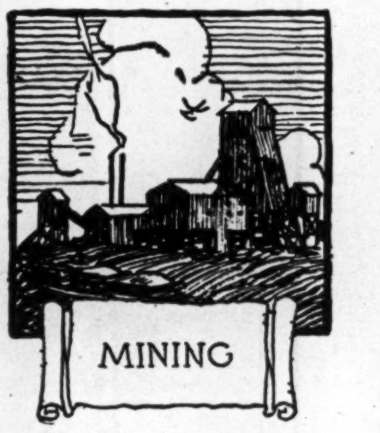
Alberta



NATURE endowed Alberta with broad agricultural lands, a wealth of mineral resources and mountain scenery.

Man has tilled the fields, mined the ore, drilled oil wells from which new wealth has poured into the country, exploited the beauties of mountain peaks, yawning passes, crystal lakes.

Today, the rapid development of Alberta furnishes an absorbing chapter in the history of modern Canada.



When the province was created in 1905, the total area under cultivation was little more than 00,000 acres with an agricultural production estimated at $20,000,000. Last year (1926) more than $206,000,000 of new wealth was produced as field crops from 10,845,280 acres under cultivation. Yet, little more than 30 per cent of the land capable of agricultural development has been utilized.

Not agriculture alone, however, makes Alberta a land of promise to young Canadians. Under the fertile acres are other sources of wealth and power and greatness.

Coal • The potential wealth of the coal deposits of Alberta is just beginning to be realized. The coal reserve of the Province is estimated at 1,059 million tons — sufficient to last the whole of Canada for many generations. This comprises 14 per cent of the entire world's coal reserves, 72 per cent of the British reserves and 87 per cent of Canada's reserve. Every year more and more Alberta coal is exported from the Province.

Iron Ore • The reported discovery of a large body of iron ore on the shores of Lake Athabaska brings to Alberta's vast fuel wealth increased significance and importance.

Petroleum • Valuable petroleum deposits exist in Alberta and one of the richest oil wells on the continent, yielding approximately 548 barrels of crude oil daily, was tapped recently in the oil fields near Calgary.

Extensive drilling operations presage an era of tremendous industrial development.

In addition to the oil, there are many reservoirs of natural gas with an annual production now exceeding seven billion cubic feet.

Timber • Government authorities say that Alberta has an area of more than 60,000 square miles of merchantable timber. Several large timber concerns are already established in the Province.

The Northern Electric continues to contribute to this growth by developing and supplying much of the electrical equipment which binds the provinces together industrially and socially.

Information
The contributions of other provinces to the wealth, resources and prestige of united Canada will appear in the press throughout the Dominion in subsequent months.

1867 • CANADA • 1927

Northern Electric
COMPANY LIMITED
Equipment for the transmission of Sound and Power

224

EXPECT EXPANSION CUBAN - CANADIAN TRADE UNDER PACT

Each Country Now Grants Other All Preferential Advantages

Expansion of trade between Canada and Cuba is to be expected as the result of arrangements which have recently been made between the two countries for the extension of mutual trade preferences. Through negotiations made on the one hand by the Canadian Minister of Finance while on a visit to Cuba, Canada will receive preferential treatment from Cuba and the products of that country will be admitted to Canada on terms similar to those extended to France and other favored nations, says the C. P. R. monthly bulletin.

The most friendly relations have existed between Canada and Cuba and there has been evidence for some time on the part of the Republic of a pronounced inclination towards forming closer ties in a trade way. Of this, Canada has not been slow to take advantage. It has been a simple matter of negotiation, since the products of the two countries are so widely different, each being in a position to furnish many of the requirements of the other.

The principal exports to Cuba are potatoes $3,915,513; wheat flour $1,118,198; whiskey $855,786; hay $74,398; fish $959,574; condensed milk $375,185; planks and boards $154,163; newsprint paper $179,464; automobiles $117,148; copper wire and cable $69,000; electric apparatus $73,000; and calcium carbide $359,384. Cuba vies with the United States for position as Canada's first customer for potatoes, in the last fiscal year taking about fifty per cent. of all Canadian exports. The flour trade with the Republic looms up quite importantly. Cuba is a heavy purchaser of dried codfish, dried haddock, smoked herring, pollock and particularly canned salmon.

While the diversity of Cuban imports from Canada would seem to ensure a general benefit for the Dominion from the treaty it must inevitably re-act to the especial advantage of the Maritime Provinces. Most of the trade with Cuba is carried on through the ports of the Maritimes, from which there are regular sailings, and the treaty should bring them increased activity. Further, it is the products of the Maritime Provinces which are largely in demand in Cuba. The potato trade is entirely with these three provinces, New Brunswick alone having shipped 427,106 bushels to the Republic last year. This is almost as wholly true of the fish trade, while hay and lumber products can best be furnished by this same territory.

POSITION IMPROVED

International Coal & Coke, operating in East Kootenay, have during the last year or two spent considerable money in improving and increasing the size of their plant. Their financial statement shows quick assets almost equal to the present market value of the stock. It is understood they have made favorable contracts, are free from labor difficulties, and that their earnings are becoming greater. They have not paid dividends for several years.

W. B. Taylor, president of the North American Life, is spending a month in Florida.

New C.N.R. Branch Lines Will Serve Quebec Paper Mills

Canadian National Railways branch line construction programmes calls for two new lines to serve the developing pulp and paper areas of Quebec. Subject to Parliament's approval 34.5 miles of line will be built from Hebertville to Savanne Falls on the east side of Lake St. John; 27.3 miles from St Felicien to Mistassini River on the west side; and 7.9 miles in the St. Maurice Valley.

Hebertville-Savanne Falls

The first nine miles on the route between Hebertville to Savanne Falls duplicates that of the Alma and Jonquiere Railway, and the construction of this nine miles will not be undertaken if running rights are obtained over the Alma and Jonquiere Railway.

Savanne Falls is the site for the development of 120,000 horsepower of electrical energy from the Peribonka River. For practically the whole distance the line runs through good agricultural land, a large portion of which is already developed. The new line will give rail connection to water power sites and tap the foot of streams to where logs and wood will be water-driven for manufacture.

Line to Mistassini

It has long been felt that the St. Felicien branch of the Canadian National on the west side of Lake St. John, should be extended to give better communication for the products of agriculture, and to serve the villages of Normandin and Albanel. The Lake St. John Power and Paper Company, Limited, have had for some months the construction of this mill under way, and it is expected that the mill will be ready for production some time in the fall of 1927, if transportation can be provided for the heavy pieces of machinery which cannot easily be taken in by the existing means of communication.

The justification for this line is mainly the long-haul traffic that will be given to the National System, from the products of the paper mill, which will have an initial capacity of 220 tons per day, and an eventual capacity of 440 tons per day, besides the advantage of improving the transportation facilities for the agricultural products of this district.

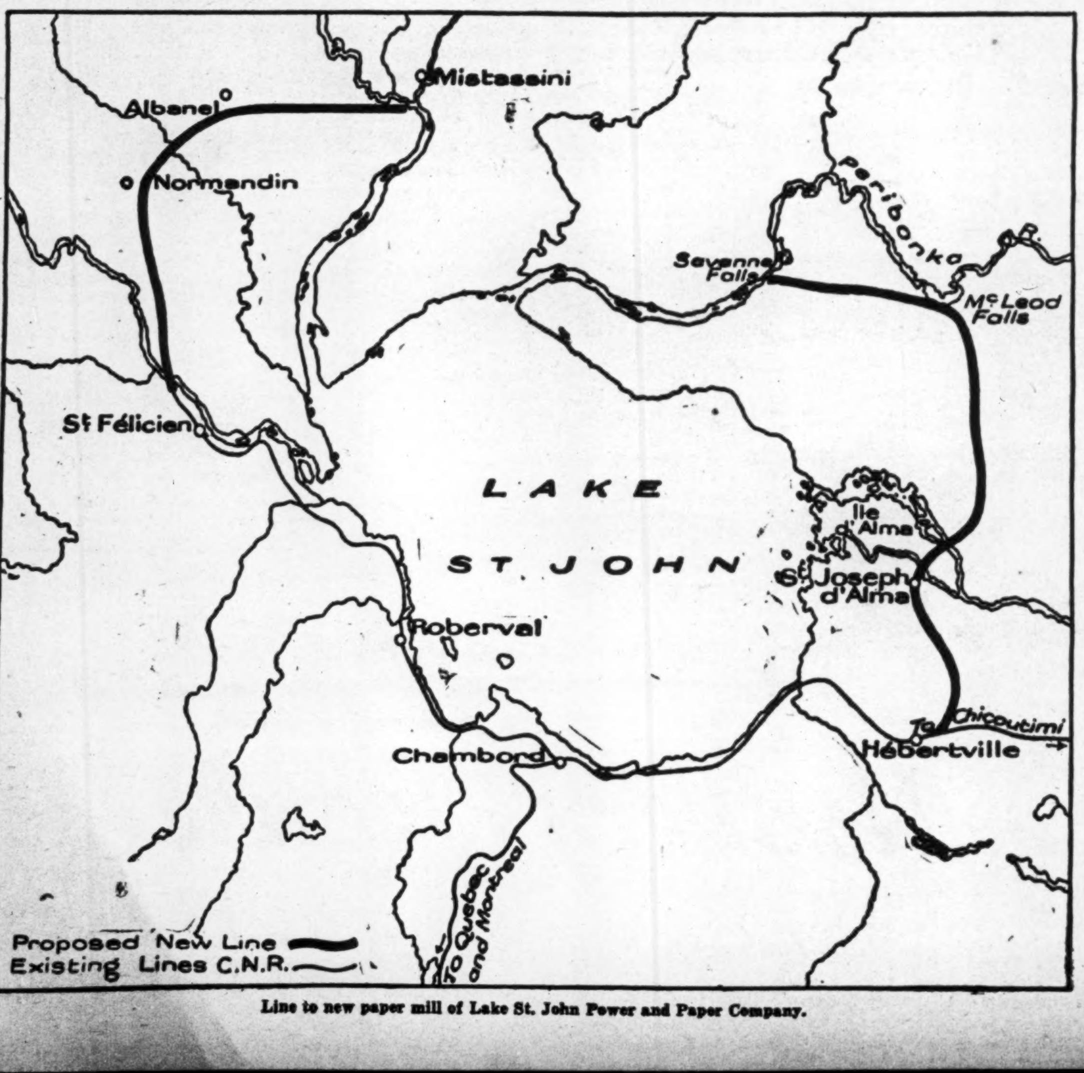
Shawinigan Line

Canadian National Railways is asking the approval of parliament for the construction of 7.9 miles of new line between Grand Mere, Shawinigan Falls and East Burrills, in order that the National System may obtain economic and operation advantages in this territory. The proposed branch would replace the present line, which is a combination of spur tracks.

This branch will reduce the present steep gradient westbound out of Grand Mere, and give direct main line connection to the town of Shawinigan Falls.

It will not be necessary to build 3.1 miles of the proposed new line if a running rights agreement with the Canadian Pacific Railway for a joint use of part of their line is arranged.

New line to serve St. Maurice Valley district.



Line to new paper mill of Lake St. John Power and Paper Company.

ASBESTOS CORP. BALANCE SHEET POSITION STRONG

Surplus After Dividend $205,228—Strong Liquid Position

From Our Own Correspondent.

MONTREAL.—The first complete picture of the operations of the Asbestos Corporation is provided in the annual report for the eleven months' period ending December 31, 1926. After a healthy deduction for depreciation the earnings were equal to about two and one half times the bond interest requirements and the surplus applicable to the common shares amounted to over $1 per share.

The figures which follow compare the income account of the present company and the old Asbestos Corporation, but in any consideration of the figures there are one or two points which deserve consideration, for instance, earnings would have been increased had the statement covered the full twelve months' period, and also, during the year the corporation paid only 5¼ per cent. on its preferred shares, as dividends on the stock were only initiated at the close of the second quarter of the year. During 1927 the dividend requirements will be larger. The figures follow:

	11 mos. 1926	12 mos. 1925	12 mos. 1924
Profits	$1,237,008	$ 781,979	$ 419,248
Invest. inc.	86.649	118.761	127.106
Total income	$1,323,657	$ 900,740	$ 546,354
Bond int.	426,983	150,000	150,000
Balance	$ 896,673	$ 750,740	$ 396,354
Depreciation	300,000	150,000	67,293
Net profit	$ 596,673	$ 600,740	$ 329,061
Pfd. divds.	391,445	240,000	240,000
Surplus	$ 205,228	$ 210,740	$ 29,061
Working Capital			
Curr. assets	$3,295,866	$4,150,533	$3,225,895
Curr. liabs.	417,426	1,029,496	307,605
Work. cap.	$2,878,440	$3,121,037	$2,918,290

Balance Sheet Figures

The foregoing figures, covering as they do the initial operations of the new company, a period in which the minimum earnings might be expected, should prove satisfactory to the shareholders.

The balance sheet shows that the property account, less depreciation and depletion is carried at $20,435,145, with total assets standing at $23,806,728. This compares with the predecessor company's total assets of $13,349,814. The surplus account and common stock is shown under the one heading in the liabilities and totals $7,961,238, equal to approximately $40 per share of common stock outstanding. The inventory account stands at $1,178,085, as compared with $657,849 in the old company's last balance sheet; this indicates the increased scope of the Asbestos Corporation's activities. The company is in a strong cash position with more than $327,000 in the bank. The balance sheet generally presents a strong and satisfactory appearance.

The President's Remarks

In his remarks to the shareholders, W. G. Ross, the president and general manager, says in part as follows:

"The inventory of asbestos on hand is carried at cost. There has been a good demand of the lower grades which have been slow in moving. However, the constantly increasing use of asbestos will, it is hoped, take care of the large production in this direction.

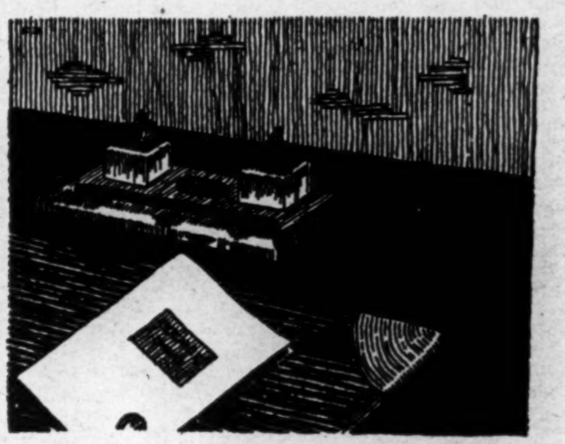
"In order to care for the future growth of the business, plans are under consideration for the improvement and enlargement of the operations of the company keeping in view also the economies to be effected through modern installations and combination of operation. These, of necessity, will take more or less time. Meanwhile, all properties are being carefully examined in order to co-ordinate, as far as possible, the operation of the various mines.

"The operations during the past year have been satisfactory, all things considered, and your directors look forward to the future with confidence. The European situation is improving, and there should be an increased demand from that quarter, while in the United States there is no sign at present of a slowing up of business."

Boot and Shoe Output Lower

Boot and shoe production during the first month of the current year showed a slight decrease from that of the previous month, but in the more significant comparison with the same month a year ago there is a substantial increase. According to a report of the Bureau of Statistics, the output in January totalled 1,340,651 pairs, as against 1,474,439 pairs in December, 1926, and 1,198,661 pairs in January, 1926.

The decrease in production as compared with December may be accounted for in some measure by the smaller number of factories reporting to the Bureau. In December, 169 reports were received, while in the following month only 165 made returns.



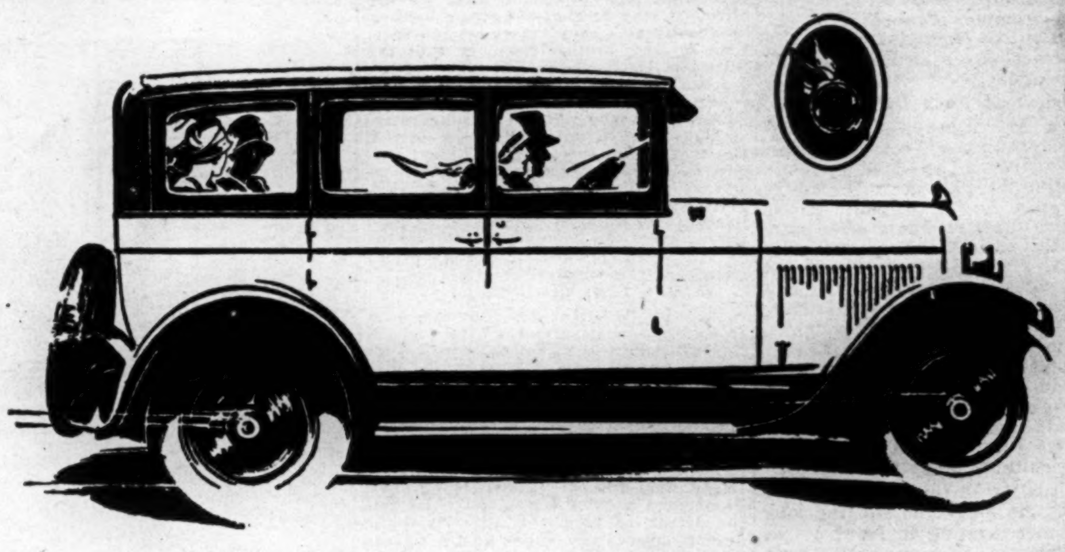
Is *your* booklet on *his* desk?

That attractive booklet which creates an interest that *won't* be sidetracked, and which stimulates action by the men who make the larger decisions in business—is it yours or your competitor's?

The power of printed salesmanship is immeasurably great.

Your printer can help you. Use him.

HOWARD SMITH PAPER MILLS LIMITED
MONTREAL, CANADA



Overwhelming Preference

One of the factors in Chrysler's amazing advance from twenty-seventh to fourth place—*in three years' time*—has been the widespread recognition of the startling difference in full size, performance and appearance between the Chrysler "50" and the only four other four-cylinder cars of large production.

By the simple process of a mental comparison of the "50" with these four other fours, the public has discovered in the Chrysler "50" elements of progressiveness in such striking contrast as to compel a decision in favor of the Chrysler "50".

$1045 (and upwards)

Full-sized, with ample family seating capacity;
Mohair-plush upholstering;
50 miles and more an hour;
5 to 25 miles in 8 seconds;
30 miles to the gallon.

Touring Car $1045; Coupe $1045
Roadster $1045 (*Rumble Seat Extra*)
Coach $1080; Sedan $1150 (*Illustrated Above*)
Landau Sedan $1220

f. o. b. Windsor, Ontario (freight only to be added). Above prices include all taxes, bumpers front and rear, spare tire, tire cover and tank full of gasoline.

All Chrysler cars are protected against theft under the Fedco System. . . . *Chrysler dealers are in position to extend the convenience of time payments. Ask about Chrysler's attractive plan.*

798

CHRYSLER "50"
BUILT AS ONLY CHRYSLER BUILDS
CHRYSLER CORPORATION OF CANADA LIMITED
Walter P. Chrysler, Chairman of the Board

CHRYSLER MODEL NUMBERS MEAN MILES PER HOUR

Expects Nationalists to Control All China Inside of Six Months

Canadian Student of China Throws Light on Chinese Puzzle

NORTH IS CRUMBLING

China's Intellectual Renascence and Great War Blamed For the Present Situation

By PROF. W. WALLACE GOFORTH, M.A., School of Chinese Studies, McGill University. Address to Empire Club, Toronto.

The Chinese puzzle has held too little interest among Canadians until recently; especially Canadians of the central and eastern provinces. We have been rather vaguely conscious of some forty thousand Celestials in our midst, and have rather breathed a sigh of relief that the majority of these are in British Columbia and not in Ontario. Many have also made the mistake of judging this nation by the occupational status of most of the Celestials in our midst; and in spite of the fact that 75 per cent. of the Chinese have never heard of soap and know nothing of its use, yet we have judged them as a nation of laundrymen. We have taken considerable pride, however, in the splendid organization which the Canadian Pacific Railway has built in trans-Pacific transportation, an organization unsurpassed by any other line of the United States or Japan or anywhere else.

Why Our Interest Has Grown

From May, 1925, however, this rather slack interest of Canadians in Chinese affairs has grown by leaps and bounds, and increased every day. A number of factors have caused this increase. First, is the unenviable plight in which our Mother Country has found herself as the focus point of a bitter hatred on the part of some misguided Chinese, a hatred inspired from the outside as well as the inside, a hatred which did not originate in Russia, for it existed long before Bolshevist Russia came into being, but upon which Russia has poured the oil of misunderstanding and suspicion, which has increased the flames until they are now blazing brightly.

We have also noticed that our trade with China has been growing very rapidly in recent years. Advance figures from the Department of Trade and Commerce show that Canadian exports to China last year were not only the greatest on record, but equal to the total from Confederation to 1913. More and more, eyes are turning towards the Pacific; it is becoming the centre of human thought and action and intercourse and we are taking a greater interest in it. Our trade with China is not the type we need to fear or beware of. There are very few things we import from China that are competing with our own lines, and the things we send are very much needed there. For instance, Chinese millers find our No. 1 hard wheat essential for their flour; they are also wanting our lumber from British Columbia, and with the present growth of education and of Chinese newspapers, there is a growing demand for newsprint on the part of the Chinese. This immense market, only a part of which has been scratched in the past, is now opening, opening because of three main causes which have come into being during the last generation.

Revolution Was Real Change

The first fundamental idea we must grasp in order to understand the present situation centres around the revolution of 1911. The revolution of 1911 did not mean a mere change in the appearance of government from an Imperial Manchu dynasty to a so-called republic. It was more than that. It gave a great impetus to political thought in China, and it gave a great impetus to those who, like Yung Chu Chow, the Rousseau of China, had done their thinking and writing in secret for fear of losing their heads. Now they came into the open and told the people what they needed, and tried to inspire a new nationalism, a new consciousness of their rights, and of their equality with other nations.

The second thing was the retrocession of the Boxer indemnity on the part of the American government, and their insistence that the money be used to send Chinese students to the United States. This I would call the intellectual renascence of China, which is one of the fundamental causes of the present situation. If you look down the list of Who's Who in China you will find a large proportion of China's outstanding men today were educated at Harvard, Princeton, Yale, Chicago, and so on, a larger proportion than in any other country. In the Nationalist cabinet, to-day, Harvard and Yale predominate. One of the most important members is a graduate of the London School of Economics, and it is rather interesting to relate that he is also a graduate of a Jesuit seminary, where, probably, he achieved some of his splendid philosophic insight into the political difficulties and political questions, and then in the London School of Economics gained his grounding in the essential causes of China's industrial and commercial difficulties.

Effect of Great War

The third factor, which is all-important in the Chinese situation, the third fundamental cause, was the Great War of 1914 to 1918. This brought about the industrial revolution of China. I am not saying that the industrial revolution has gone its limit yet, any more than ours has gone its limit yet, but the industrial revolution in China came in 1914 with the abnormal demand for Chinese goods in war-torn Europe. The industries of China began to grow rapidly, and a new industrial working class developed. It also opened up a great deal of country previously closed to foreign intercourse. It has been estimated by Professor Rimmer, of St. John's University, Shanghai, that about eight per cent. of China, even to-day, has not been touched by foreign intercourse, except possibly by foreign missionaries. He claims that the only part of China that has, or uses, any foreign articles, or sends any articles abroad, is this twenty per cent. along the coast and up the rivers, and along the 8,000 miles of railroads—only one fifth of the Canadian railway mileage, although the population of China is forty times greater.

Brought About Crisis

This industrial revolution, the intellectual renascence and the revolution in political thought, these three things have brought about the present crisis. The present crisis is an exceedingly complicated and difficult one. There is one thing I would like to say at this point; it is that the need to change the previous conditions under which we as foreigners lived in China, was not realized by western powers until it was almost too late. It appears to be almost too late now. The strategic time, judged by the statements of eminent students of Chinese history, the strategic time when the western powers, and Britain especially, should have taken the lead in changing these special privileges and conditions under which we live, the treaty rights, was in 1912, when the Manchu dynasty had fallen and when Yuan Shih-kai was firmly in the saddle, for a while at least. The dictatorship of Yuan Shih-kai did not affect the Cantonese nationalists nearly as much as his inability to revise these treaties. Sun Yat-Sen had nailed down in his platform, even before the revolution, that essential plank, the revision of these unequal rights. But we did not grasp that at the time. Possibly all eyes were fixed on Europe and the impending war, and we did not realize the results of procrastination. If they had been realized then, that would have prevented China being scattered with this color scheme of military satrapies which we look upon to-day. But the opportunity was not taken.

Treaty Rights Were Essential

I have consulted several Chinese of all shades of political thought, intellectual Chinese, as to the justice of these treaty privileges in the first stage of western intercourse with the Far East, and nearly all of them admit that they were essential at that stage. Those who have told you that we had no business going to China, that we were never wanted there, are wrong. All intelligent Chinese to-day will thank us for what we have sent to them; they will thank us for many things. Some of the things are associated with our progress in trade and industry, others with our medical missionaries, who have alleviated a great deal of suffering, and others with educationists in China. These things they appreciate, at least the vast majority of them appreciate—their leaders above all—for the great majority of Chinese leaders to-day are educated, at least they have come in close contact with, and have received their impetus from, western ideas. And they admit that when an irresistible force, like our dynamic west, comes in contact with an immovable object, like the changeless east, it required some device to soften the impact, and that device was this group of so-called unequal treaties. The form they took was naturally judged according to the needs of the time. The special concessions of land along the coast and up the rivers were necessary in order to prevent the possibility of destruction of property and warehouses, and to give security to treaty relations. On the other hand, there was another privilege which we gained during this time, which we speak of as extra-territoriality. It merely meant that we claimed jurisdiction over our own nationals throughout China; they were to be tried in our own courts. Why? Because the judicial system under the Manchus was notoriously corrupt; and Chinese will admit that to-day. One of the reasons for the revolution of 1911, one of their slogans, was to abolish this system and set up a new and humane system in its place. In 1912 they had at least planned this new system, had it down on paper, and they wanted to put it into effect.

Corruption in Customs

Added to these previous special privileges there was another question, the control of the Chinese customs. During the nineteenth century, the earlier part of it, and getting worse toward the time when the customs were taken over, western merchants found themselves open to extortion on the part of the central government, and also the government was unable to check the leakage of funds through the collectors. It is estimated that only about one-fifth of the customs collected reached Pekin. Our present customs probe would look very weak alongside of that. So the western powers, with China's full permission and approval, took over the administration of the customs, and for some decades a Britisher has had the position of inspector-general of maritime customs, because they trusted his sagacity and fair-mindedness. Not only was it the will of the Chinese, but of other powers, that a Britisher should hold that position. It is interesting to note that Sir Francis Aglen, who has been recently discharged from that position, was one of the many who have held that position of inspector general of maritime customs. Chinese in the south have stated recently, in their newspapers, that the Pekin government was facing financial suicide by discharging a man who had been one of their most valued and trusted employees during the thirty-nine years of his service for them.

As I have already pointed out, by 1912 conditions had changed and the people were eager for reform. The southern party, most of them educated abroad, had planned to change the corrupt conditions. Of course, you cannot change a nation in a day, and you cannot change the corruption in a year, and the western powers distrusted their hopes and plans, and Bland, the Daily Mail correspondent in Shanghai, claimed that it was a mere paper desire to improve conditions, and that we should not make any attempt to loosen up the hold on the Far East. That was our mistake; we listened to men like Bland. The result was things got progressively worse. They broke away from the north and chaos followed, which has gone from bad to worse ever since, until now we find ourselves in a very awkward position in the Far East, facing the possibility of a great conflagration and a world war on the Pacific.

Should Have Revoked Rights

What would be the steps we should have taken at that time, the steps we must ultimately take? These are the steps: First, we should have handed back to the Chinese the right to control the collection of their customs duties, and to set the tariff level. This could not be done in a day, because all the best trained men were British and foreigners, but it could be done gradually, over a period of ten years, by having the men study the situation under the guidance of the foreigners. Secondly, we should have relinquished our hold over extra-territoriality gradually. We should also have granted to the Chinese joint administration of the concessions, which we have not done till the last few months, and then only under duress. Then we should have granted them full police authority in those concessions when they had proved their power to undertake it. But all of these must rest on one other thing, that is, a moratorium. Successive Chinese governments, who thought more of lining their own pockets than of advancing the interests of their nation, and who did not represent the best interests of the nation, borrowed heavily from abroad, and mortgaged most of their revenues, including customs revenue. The result was, the government Yuan Shih-kai took over had no definite source of income. They had no method of paying the armies, no money to pay for setting up the new judicial system, which in a country of 400 million people would cost a great deal. So a moratorium should have been granted then, and should yet be granted—possibly a ten-year moratorium. It would be better to have the assurance of collecting ten years later than the almost certain assurance that we will collect nothing. That is the problem we are facing to-day.

China's Situation To-day

To come to more recent events. The peace treaty gave China a new sense of equality and national sovereignty. The peace treaty considered her the equal of other nations, and this impressed many Chinese who heard about what had happened in Paris and Versailles. Again, in the Washington conference of 1922 did we give at least a formal recognition of equality, and the powers promised to do something for them, a promise which could not be kept. We cannot blame them for not keeping it then, for conditions were so bad they saw no way to put it into effect. Other things had caused China to veer around against Britain. Japan had returned Tsing Tau, for which China was thankful, and the anti-Japanese boycott immediately ceased and Japan took the role of the friend of China. Partly through the influence of the late President Harding, another great institution was destroyed in that Washington conference, the Anglo-Japanese Alliance. Britain, in the hope that a new Anglo-American-Japanese alliance could maintain peace better, was deceived into breaking off the old alliance, one that was kept to the letter by Japan throughout the years of its history. By the peace treaty, Germany and Austria had renounced their rights in China, their concessions, and their extra-territorial rights; they were taken from them almost by a forced measure. Then Russia, whose legal claim to her concessions in China was very weak, had renounced all legal claims abroad, and they turned east and, in order to make bad things better, made a treaty with China which formally handed over to China her concessions, and gave back to China the right to try her subjects in their courts. This was gradually narrowing down toward the focussing of all Chinese feeling against Britain, and one of the most striking factors of the present situation is the isolation of Britain.

Britain's Difficult Position

Those who speak of Britain's foreign policy slightingly should consider the position Britain is in. She is no more responsible for conditions in China than any other power. She, indeed, has taken the lead in these special privileges in the past, but other countries have had the benefit of them. The United States never asked special concessions, but United States merchants have built up their businesses under the protection of British arms and British law. This criticism of Britain sending out a force to protect her nationals, to endeavor to give them security of life and property, has reached its culmination in the disgraceful speech of Mr. Wheatley, Labor member of parliament, the other day, and everybody filled with pride at the reply of Lord Birkenhead when he said it was our proud boast in the days before Wheatley that all those were English who stood for England, and no English life should be imperilled without the resources of the empire being invoked to his assistance. This was but the echo of those splendid words of Palmerston three generations earlier, words which are looked upon by thousands of Britishers in the far-flung outposts of the earth as their Magna Charta of security, and sacred symbol of safety. It was on the occasion of an unprovoked attack by a Greek on a Gibraltar Jew who was a British subject, and Palmerston was defending the policy of protecting him. These were his words: "As a Roman in the days of old counted himself free from attack and free from molestation when he could say Civis Romanus sum, so also every British subject, in whatever land he may be, shall feel confidence that the watchful eye and the strong arm of England will protect him against injustice and wrong."

May Be No War

The present situation is not hopeless by any means. Those who think that, because Britain has sent more than twenty thousand men to the Far East to protect her subjects, a war is likely to break out, are deceived. Twenty thousand men would be useless in any sort of a campaign in the Yangtse Valley. The Cantonese know that. If they have criticized our policy, it is to gain face with their own people, not because they think we have any offensive plans in view. Twenty thousand men, as you could see from a map, could barely protect the great investments of British capital and the British citizens in the Shanghai settlement.

One important matter in the present situation is the crumbling of the northern military alliance under the pressure of the Nationalist armies. The Nationalist party, who a few months ago were despised and looked upon as future conquerors of China, as a merely sectional party, have now gained control over nearly two-thirds of China. They marched over the most difficult country in Honan province, covering long distances where they had no railways to help them, and defeated armies much superior in equipment and strength. They advanced on cities in the Yantze Valley and, by capturing these, they immediately called the attention of the world to themselves and their success. The honor for their success was not due to the brilliant military genius Chiang Kai-shek, or the Russian officers who are his advisors, but to the fact that the Nationalist sentiment, started by Yuan Shih-kai, had begun to sift into the hearts of the Chinese.

Mostly Behind Nationalists

It is foolish to disregard the apparent fact that about ninety-five per cent. of the Chinese to-day stand whole-heartedly behind the principles of the more conservative side of the Nationalist party. There is not any sympathy with the Northern leaders at all. Those who fight, fight for their bread and butter, and because they are forced by press-gangs, and under threat of death. The Northern alliance is crumbling bit by bit. Wu Pei-fu, one of the greatest leaders, is now eliminated. Sun Chuang-fang, the lord of five provinces, is also eliminated, and is going into retirement with the large fortune he has amassed. And the other Northern leaders, formerly bandits, are the only ones who are left now to face this difficult situation in the south. Furthermore, this gradual change is becoming more and more in favor of the Cantonese. Feng Yu-hsiang, the military victor of a year ago, is now with twenty thousand men on the borders of Honan, ready to strike when they advance southward, and cut off their retreat. His army of twenty thousand men is almost as disciplined as his old army of thirty thousand. He is one of the conservative wing of the Chinese army, and those who have read of his anti-foreign and anti-Christian spirit should remember that this has probably come from those who have personal animosity against him. There is no man so greatly spoken against by his enemies or so highly spoken of by his friends as Feng. If he throws in his influence on the side of justice and proper and reasonable distribution of our rights, probably the future will be bright with hope, and peace and security of life and property will take the place of the present chaotic atmosphere.

Nationalists Soon in Power

Those who have been studying the Chinese situation feel confident—and this includes, I think, the feeling of the British Foreign Office—that within six months at the most the Chinese Nationalist party will probably control the whole of China, and we hope as has been the history of the past—for examples from the past give us many cases of this—that power will give them greater conservatism and greater reasonableness; and when they find their weapon of terror is no longer needed they will be more reasonable and just in their demands, and we will be able to sit around the council table without the danger of racial animosity and hatred spoiling any decision that may be reached.

It would be well to remember, in closing, the warning words of Sir John Jordan, uttered in England two years ago. They were his last public utterance. He was Britain's greatest ambassador to the Court of Pekin, and for many years his sagacity and foresight and profound knowledge of Chinese thought and history won him a high place in the praise and esteem of both Chinese and foreigners, so that when his death was announced, it was as widely mourned in the Land of the Blue Gown as in Britain. These were his words: "Let us remember that the new China, arising in all the equality of her sovereign rights, having her place at the council table of the world, is not only Britain's opportunity, but Britain's responsibility, for she holds within her hand the fateful gift of peace or war in Asia."

SALES OF PENMANS SHOW GOOD GAINS

Increase in First Two Months of Year Hundred Thousand Dollars

From Our Own Correspondent.

MONTREAL.—At the annual and special general meeting of Penmans, Limited, the shareholders unanimously authorized the necessary changes in the company's charter to split the common shares three for one.

The president of the company, Sir Charles Gordon, had some interesting announcements to make at the meeting. He said that all the heavy capital expenditure last year was used to purchase new machinery and not merely for improvements to the plant. The new machines were for manufacturing full fashion hosiery, and the company to date had met with considerable success in selling this branch of its output.

In order to keep abreast of the demand of the trade and to cope with competition, Sir Charles expected that further heavy capital expenditure for new plant will be made during the current year. Should these expenditures run into large figures it might be necessary to sell some of the unissued preferred stock, of which $425,000 remains in the treasury, as he did not wish to draw too heavily upon working capital.

Profits Are Increasing

Sir Charles intimated that should the company decide to sell preferred stock, the stock may not be offered pro-rata to shareholders. As the Sun Life Assurance Company is by far the largest holder of preferred stock, he stated it might be more economical to offer the new stock to that company en bloc.

Business so far this year, Sir Charles stated, has been good, sales in the first two months being $100,000 ahead of the corresponding period of last year.

Asked as to the policy to be adopted with reference to dividend on the new no-par value common shares, Sir Charles said that the board had not yet decided this question, but he stated that the rate will certainly not be proportionately less than on the $100 shares. A meeting of the directors will be held early in April at which the dividend matter will be dealt with.

Everyone Needs Investment Guidance

THE extent to which investors are informed varies greatly, but there is no one, however great his knowledge of securities, who would not benefit from our Service.

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Canadian Life Insurance Companies Are Like Trusts

Sixth Article of a Series on Investment Trusts and Their Place in Canada

By MACKENZIE WILLIAMS, of A. E. Ames & Co., Toronto. Copyright, 1927.

Canadian life insurance companies are very similar, as regards the scope and the diversification of their investments, to investment trusts.

The greatest institutional investors in Canada are these life insurance companies. On January 1st, 1925, the security investments of Canadian companies amounted to $377,180,170. In order to protect the policyholders, there has been formulated by the Insurance Department at Ottawa with the full co-operation of the insurance companies, a set of regulations outlining the permissible investments which these companies may hold. The regulations are admirable in their aim, though in light of the effect of the war on various types of securities, the provisions relating to selection of government issues might well be modified by the addition of restrictions regarding the totals invested in, and general character of, any one foreign government issue.

Provisions Have Some Weaknesses

Perhaps, also, some modifications might well be made in connection with the selection of corporate securities. The regulations, as they stand, base the selection on earning power, which is admittedly the fundamental consideration. However, some recognition of the importance of the ratio of assets to securities outstanding might be worth including.

The provisions relating to the selection of securities of life insurance companies should be helpful and suggestive in working out satisfactory investment provisions which might be particularly applicable to Canadian investment trusts. The provisions relating to the investments of Canadian life insurance companies are as follows:

Class A (I.)—The debentures, bonds, stocks or other securities of or guaranteed by the government of the Dominion of Canada of or guaranteed by the government of any province of Canada;

(II.)—The debentures, bonds, stocks or other securities of or guaranteed by the government of the United Kingdom, or of any colony or dependency thereof;

(III.)—The debentures, bonds, stocks or other securities of or guaranteed by the government of any foreign country, or state forming a portion of such foreign country;

(IV.)—The debentures, bonds, stocks or other securities of any municipal or school corporation in Canada, or elsewhere where the company is carrying on business;

(V.)—The debentures, bonds, stocks or other securities guaranteed by any municipal corporation in Canada;

(VI.)—The debentures, bonds, stocks or other securities secured by rates or taxes, levied under the authority of the government of any province of Canada on property situated in such province and collectable by the municipalities in which such property is situated.

Class B (I.)—The bonds of any company which bonds are secured by a mortgage or hypothec to trustees or a trust corporation or otherwise, upon real estate or other assets, of such company;

(II.)—The debentures or other evidences of indebtedness of any company which has paid regular dividends on its preferred or on its common stocks for a term of at least five years immediately preceding the date of investment in such debentures or other evidences of indebtedness;

(III.)—The preferred stocks of any company which has paid regular dividends upon such stocks or upon its common stocks for not less than five years preceding the purchase of such preferred stocks, or the stocks of any company which are guaranteed by a company which has paid regular dividends upon its preferred or common stocks for not less than five years preceding the purchase of such guaranteed stocks, provided that the amount of stocks so guaranteed is not in excess of fifty per cent. of the amount of the preferred or common stocks, as the case may be, of the guaranteeing company;

(IV.)—The common stocks of any company or corporation upon which regular dividends of at least four per cent. per annum have been paid for the seven years next preceding purchase of such stocks, provided that not more than thirty per cent. of the total issue of the stocks of any company shall be purchased by any such life insurance company, and that no company shall be permitted to invest in its own shares or in the shares of another life insurance company.

Judicial Selection of Investments

The necessity for the formulation of extensive investment regulations only serves to indicate that the selection of investments is not an easy or simple problem. Unlike court procedure where one is considered innocent until proven guilty, an investment should be considered as unacceptable until abundant evidence proves otherwise. The case of each individual investment should be tried on its merits and directors should examine all evidence in an impartial, unprejudiced, unbiased and judicial attitude.

As I have stated, the best example of diversification among the institutions of Canada is found in the investment lists of life insurance companies. Merely the listing of the names of the various holdings require a volume of 260 pages. The holdings consist of:

9,900	government and municipal issues
750	corporation bonds
175	preferred stocks
300	common stocks

A total of 11,125 issues.

The 11,125 investments of Canadian life insurance companies amount in all to over $377,000,000, giving an average for each investment of about $34,000, which is surprisingly close to the £7,000 or £8,000 investment items which occur so frequently in the lists of British investment trusts.

Alberta's Fish Catch Doubles

Both the value and quantity of fish caught in Alberta during 1926 were nearly double that for the previous year, according to the annual report of the inspector of fisheries. The annual report for 1925 shows that the total value of the catch was $485,504, while the amount was 4,965,200 pounds. Compare this with the report for the past year, which shows the value of the catch to be $861,695, and the weight of the catch in pounds is 8,541,500. These totals include commercial, domestic, Indian and half-breed licenses and angling permits for 1926, but the total number of permits and licenses for the preceding year is not given in the report.

Elected to Montreal Curb

Robert H. Mowat, senior partner of Mowat and McGillivray, Ottawa, has been recently elected a member of Montreal Curb Market. This firm is one of the pioneers in the Quebec field. Mr. Mowat served in France as an officer with the 26th N.B. Battalion for two years, was with G. A. Stimson & Co., Toronto, and Royal Securities Co., previous to commencing in the present business, March, 1924.

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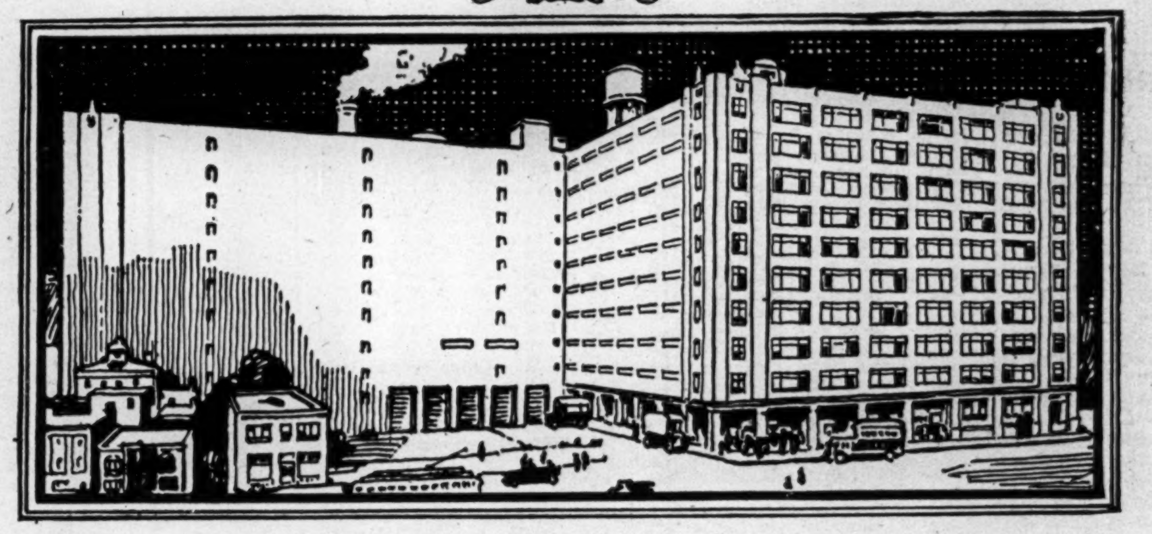

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To keep pace with this industrial progress, Montreal Rail and Water Terminals Limited are erecting one of the largest and most up-to-date terminal warehouses in the Dominion of Canada.

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South American Field Draws Canadian Funds

Growth of Trade Leads to Investment of Much Capital—Oil, Traction and Power Favored Industries—Banks Foster Interest

Although development of the Dominion's resources has been undertaken on an extensive scale during the past decade or so and while much has been done and is being done along these lines, the need for further capital expenditures is just as pronounced today as it was at the beginning of the present century. At the same time production has become more voluminous and diversified and marketing of products has brought the Dominion into trading relations with practically every country of the world.

By far the greater percentage of trade has naturally been done with the United States and United Kingdom, with which countries over half our trade is conducted. This does not mean that relations with other nations are unimportant. This is not so, for with certain European and Oriental countries, as well as other Dominions within the Empire, business transacted during the year runs into millions of dollars.

Trade Expands Rapidly

The South American countries, however, constitute a territory which have only been partially developed and that within the past ten years. In that period both volume and value of trade has steadily increased. And while the percentage of our trade with that area is still somewhat small in comparison with either the United States or Great Britain, returns of the Department of Trade indicate that considerable expansion has taken place in that direction. In the fiscal year 1926, for example, 2.1 per cent. of the total trade of Canada was credited to South America. This compares with 1.9 per cent. in 1925 and 1.5 per cent. in 1924.

The Argentine is both our best customer and largest contributor of our domestic needs of all the South American countries. Curiously enough, it is not in the Argentine, but in other Republics that the greatest interest of Canadians lies from an investment standpoint. In many respects, economic development of South America has been largely along lines not dissimilar to those followed in Canada. Agriculture is the basic industry, while lumbering and mining are other important sources of revenue. It is needless to say that ventures in these industries prove unattractive and it is in other fields that Canadian capital has been used for development work.

Oil Fields Attract Capital

These can be roughly classed in three divisions, namely, power, traction and oil. The last has been and is probably the greatest inducement for the migration of Canadian capital and while it is not possible to give an accurate estimate of the amount of money so invested, or a complete list of companies operating in that particular field, operations of two companies are particularly noteworthy in that they give a comprehensive idea of the wide-spread interest. These are the Andean National Corporation and the International Petroleum Co., both operating in Colombia. The former, while somewhat limited in scope of operation, is nevertheless an important factor in the marketing of oil from Colombian fields. It has built a pipe line many miles in length from the interior to the coast, at an expense somewhere in the neighborhood of ten million dollars. The company has also erected necessary substations, tanks, wharves and other structures necessary for the successful operation of an oil pipe line.

The International Petroleum—subsidiary of the Imperial Oil Co., one of the largest manufacturers and distributors of petroleum products in Canada—is now a heavy producer of crude oil. The concession which this company controls is very valuable and the number of wells already brought in leads to the assumption that a fairly large percentage of the Dominion's requirements of "crude" will be received from Colombia for some years to come. In addition, this company is also carrying on development work in Peru and preliminary results have been most promising.

Great Interest In Brazil

Probably the greatest and most direct interest of Canadian investors in South America lies in Brazil, where a number of companies, controlled and financed in this country, have been in operation over a number of years. The outstanding enterprise is, of course, the Brazilian Light, Power and Traction Company, established in Rio de Janeiro and Sao Paulo. This company has many varied interests and though somewhat handicapped owing to deflation in milreis exchange, its financial position has been consolidated until it is now one of the strongest of its kind operating in South America. Another Canadian company of some importance in the same country is the Brazilian Portland Cement Co.

British Guiana is the scene of other Canadian enterprises, which have attracted the public from time to time. These are the Demerara Electric Co., of Georgetown, and the Aluminum Co. While the latter is not purely a Canadian company, the largest interest which Canadians have in this concern, especially in connection with developments in the Lake St. John area of Northern Quebec, more or less justifies its inclusion. This company have invested large sums of capital in the mining enterprises of British Guiana and all the ore used at Shawinigan Falls and at Arvida comes from these mines.

Other Fields Interest

Canadians also have extensive financial interests in other South American countries, which, although not so well known, have involved the investment of large sums of money. Outstanding among these are the International Power, which controls the Venezuelan Power Co. In Maracaibo and Barquisimeto, Venezuela, and the Bolivian Power Co. at La Paz, Bolivia. The Sun Life Insurance Co. has branches throughout South America and is doing a very large business, while the Massey-Harris Co. and the Cockshutt Plow Co., have their agencies in Argentina and Uruguay and other points.

In addition to these private enterprises, the majority of South American republics have placed bonds for varying amounts in Canada at one time or another. In many instances, offerings have only constituted a small portion of an original issue put out in the States, but the rapidity which these securities have been taken up is a good indication of the faith which Canadians have in South America.

There are undoubtedly more companies operating in South America than have been listed here, which have had their origin or have been financed in the Dominion. It is difficult to form an estimate of the amount of Canadian money invested in those countries owing to the paucity of information.

One of the important contributing factors to this outflow of capital has been the assistance rendered by Canadian banks. The Royal Bank and the Canadian Bank of Commerce have been especially active in this regard, now operating branches in Argentina, Brazil, British Guiana, Peru, Colombia, Uruguay and Venezuela. These banks have been instrumental in promoting closer trade relations, as well as bringing about a better understanding of development problems to be met with in South America.

Easy Come, Easy Go

A Record of the Experience of Certain Municipalities in the West in Regard to the Expenditure of Public Funds

By JOHN E. LANGDON.

Easy come, easy go, was the policy laid down by the municipalities prior to the war, not only in the West, but in the East. Optimism in the growth of the country was rife. A brilliant future was anticipated, and in order to prepare for such a contingency, many of the Western municipalities went out and made lavish expenditures on various public works. Little thought was given to redeeming their obligations. Developments that were sure to come, they thought, would look after the redemption of their securities. The war knocked things into a cocked-hat, trouble was experienced in meeting bond interest requirements, and a number of municipalities went into bankruptcy.

It is interesting now that the worst is over to look back and see how the money raised through debentures was spent, and what their value is to-day. Education naturally forms one of the most important functions of the municipality. Some of the western councils believed in this to such an extent that their endeavors to provide an adequate education for the coming generation have resulted in many amusing experiments,—amusing to all but the debenture holders. One school district, for example, decided on a six-room addition to the school building. It was found, however, that there was insufficient money in the treasury to provide for this, but one wizard of finance suggested that the necessary funds be taken from the sinking fund, as that money was lying idle. This was agreed upon, and some $20,000 was taken to build the six-room addition.

A $20,000 Water Fountain

The artistic taste of another school district found vent in the erection of an attractive one-story cottage type of school. Outwardly it was no different from others in the province, but upon entering one was immediately awed by seeing a magnificent $20,000 water fountain in the centre of the building.

Anyone who has lived in the West knows how unclean is the air, and in order that the school children might not be handicapped, one school board installed an air-washing machine at a cost of several thousand dollars. Another board found difficulty in securing land for a school site. After much scouting around and dickering with different parties, the board was lucky enough to secure two acres, at the trifling cost of $66,000.

Naturally the operation of a school district required no little attention, and so pressing are the duties that a solicitor in one small municipality, elected to the office of reeve, had himself appointed to the position of trustee or adviser to the school board, with a small retaining fee of $5,000 a year. At the same time, this reeve, while sitting on the municipal council, was consulted in the matter of seven by-laws, some proposed by himself, for which he charged the council a minimum fee of $360.

Guaranteeing Industrial Bonds

Many of the western towns, with populations under the 1,000 mark, undertook the construction of public works, believing that b[illegible] so doing they could attract industrial enterprises. One little town decided that it was going to be the Pittsburgh of Canada, and to this end industrial companies were urged to establish in the town, on the inducement that their bonds would be guaranteed by the municipality. Industries were secured, but they have since gone on to the happy hunting ground, and the municipality is still responsible for their bonds.

Public works, of course, are a necessity, and this fact was recognized by several of these growing towns. One placed within a short distance of a large distributing centre in the West, put in a sewer main at a cost of $2[illegible]00. It was and is the second largest in Canada; in fact, it is so big that a team of horses can be driven through it. To-day it serves a population of 14.

One of the councillors of a small municipality purchased a parcel of land about a mile distant from the centre of the town during the boom period. In order that ready sale of his land could be effected with some profit, his fellow-councillors willingly obliged by extending the sewer, water main and sidewalks one mile farther into the prairies.

A water system was installed by another town, much against the advice of engineers. But the council contended that if their fair town was to rank in importance with others in the west, they must have a water system. Accordingly a plant was erected and shortly thereafter it was found that the water was unfit to use on account of the high alkali content. The plant was scrapped.

Another municipal council, in its willingness to please a ratepayer, obligingly constructed one mile of sidewalk—on trestles, to serve one house. Still another decided on a sewerage disposal plant. It was doubtless needed, even though it cost $80,000. The money was raised by the issuance of debentures, and in time a magnificent sewerage disposal plant graced the townsite. Unfortunately it was found that there was insufficient sewerage to operate the plant.

Moved Station Holus-Bolus

A pumping station was erected in the centre of a small town at considerable outlay. The nerves of the citizens, however, were unable to withstand the noise and vibration when the plant was in operation. It was, therefore, a simple matter to move the station, holus-bolus, to the outskirts of the town.

The administration of council activities is usually an arduous and thankless task in many a municipality. This was unanimously agreed upon by the councillors of one Western town and at a regular meeting a by-law was passed authorizing the payment of $1,800 to each one for their work. The councillors of another municipality, instead of taking pay for their work, had the quaint old custom of taking home a $40 council chair when their term ended.

Council rooms are sometimes bare, but when one municipality had the opportunity of acquiring two large oil portraits of the King and Queen, specially painted for the legislative halls of the provincial government building, at a bargain price of $750 each, no time was lost in securing the necessary money. This same council carried out the pleasant task of having an oil painting of each reeve, costing $600 apiece, hung on the walls of the council room.

Fire Cost Town $40,000

Another town was the proud possessor of a small fire hall. One unfortunate day, however, fire started in the building, and was soon out of control. As a result the two adjoining houses were burnt. The owners sued the town for negilgence, and judgment was awarded in their favor for $40,000. The municipality went broke.

While it is a comparatively easy matter to construct sewers, water mains, sidewalks, etc., the upkeep is often one of great expense. One little town found this to be the case, and the sidewalks went unrepaired for several years. It is not surprising that many of the citizens had nasty falls on the pavement, wtih consequent damages to their clothing. A lawsuit invariably resulted, and judgment given to the plaintiff. It is interesting to note, that the council of this town paid out in one year to various and sundry citizens, $3,000 for new clothes.

It must not be thought that all the municipalities in the West have been so lavish with their money. Many have defaulted their bond and debenture obligations through no fault of their own. Take the example of a small town in the far west that got into financial difficulties. The provincial government appointed solicitors to straighten out the trouble. When the council called for help, the sinking fund totalled $13,000. After the matter was settled by the solicitors, there was no sinking fund to worry about.

We beg to announce that

Mr. John A. Mara

has been admitted to partnership in this firm as of February 24th, 1927.

The partnership now consists of the following:

Mr. W. Harold Mara
Mr. Leigh M. McCarthy
Mr. H. G. Davidson
Mr. John A. Mara

Mara & McCarthy

Members Toronto Stock Exchange
Members Montreal Curb Market

297 Bay Street : Toronto

New Issue *All Common Stock*

3800 Shares of

Sleeman's Spring Bank Brewery Co. Limited

ESTABLISHED 1850

NO BONDS GUELPH, ONTARIO NO PREFERRED STOCK

Incorporated under the Companies Act of the Dominion of Canada

Capital $500,000.00, divided into 5,000 shares, par value of $100.00 each.

DIRECTORS

Colonel R. P. Rodgers, D.S.O., Woodstock, Ontario.
Harry O. Sleeman, Brewer, Guelph, Ontario.
John J. Maylor, Merchant, Forest, Ontario.
Major Charles Black, Toronto, Managing Director.
Clifton H. Moore, Druggist, Cobalt, Ontario.

SOLICITORS

Hunter and Hunter, 707 Temple Bldg., Toronto.

AUDITORS

H. T. Jamieson, C.A., Royal Bank Bldg., Toronto.
Edward Sleeman, C.A., Guelph, Ontario.

BANKERS

Canadian Bank of Commerce, Toronto

REGISTERED OFFICE

707 Temple Bldg., Toronto
Telephone: Main 1573

TRANSFER AGENTS

Montreal Trust Co., Ltd., Toronto

REGISTRARS

Union Trust Company, Toronto

The Company

This Company has been formed for the purposes as set forth in the Charter of Incorporation, to acquire and operate the well-known and old-established business of the Spring Bank Brewery, located in Guelph, Ont. This business was established in 1850 and is one of the oldest and best known breweries in Canada. It has the distinction of being the only brewery in Canada which does not pay any water rates in the Municipality in which it is located.

Product Unexcelled

To successfully brew the best grades of Ales, Porter, etc., it is essential that the water forming the base of these products be pure and unadulterated. The Company has received from the Department of Health of the Ontario Government an analysis of the Spring water which supplies the brewery showing that this water is absolutely pure and free from bacilli. No etherization nor pasteurization in process of manufacture. The products will be naturally matured from pure spring water with the best malt and hops obtainable.

Breweries are built around springs—not around Cities. As an illustration, such famous breweries as Bass and Worthington, located in Burton-on-Trent, Younger's, Edinburgh, Scotland; Tennant's, Glasgow, Scotland, and Guinness, Dublin, Ireland, were built on sites specially selected on account of the natural spring water which occurs at all these places. Sleeman's Spring Bank Brewery was located at Springbank for the same identical reason.

Going Concern

The brewery is being taken over as a going concern, and the present equipment, capable of turning out one hundred and twenty barrels per day, is now being, with very small expenditure, increased to allow for a maximum capacity of two hundred barrels per day, and should conditions warrant, the foregoing capacity can be doubled or trebled to meet the requirements of the market. The products of this brewery are too well known to need any further comment.

Profits

With a production of two hundred barrels per day, at an estimated profit of $2.50 per barrel, this amounts to $150,000.00 per year, or thirty per cent. on the entire capital of the Company, being a very conservative estimate.

Management

The Company has contracted for the services of Mr. Harry O. Sleeman, as Master Brewer. Mr. Sleeman, for many years, has been associated with the best practice in brewing. The Company has also been very fortunate in obtaining the services of Major Charles Black, who has had twenty-five years' experience in the brewing trade in England and Scotland, and is well known for his successful and economic management. It is confidently anticipated that with its favorable history and present capable management, this brewery will prove to be an outstanding success.

Appraised Value

The appraised value of this Company's Assets have been fixed at $381,000.00, including brewing license, which has been valued at the nominal figure of $5,000.00 only. The Company will own the property free from all encumbrance and will have available as working capital $215,000.00. Thus, it is apparent that the Company will continue business under the most favorable auspices; and having regard for the favorable conditions and the limited amount of stock to be offered, the shares of this Company should prove highly remunerative to the investor.

Applications for stock will be considered in the order received. In case of over subscription applications not allotted will be returned in full.

ASK YOUR BROKER

(SYNOPSIS FROM CHARTER DATED JANUARY, 1927)

The purposes for which incorporation is sought by the applicants are:

1. To purchase, acquire and take over as a going concern, the undertaking known as Spring Bank Brewery situated in the City of Guelph, Ontario, together with the Buildings, land, plant and equipment with all the privileges and appurtenances.

2. To carry on the business of **Brewers and Maltsters** in all their branches and of Importers, Distributors and Dealers generally in Ales, beers, porter, stout and all similar articles including aerated waters and mineral waters and other beverages and also in connection therewith the business of Custom House Brokers, Warehousemen, Forwarders, Carters and other like businesses and to manufacture, buy, sell and generally deal in any wares, merchandise, articles or effects directly or indirectly relating to any of the said businesses, including barrels, casks, bottles, corks and other like articles connected therewith.

3. **To manufacture**, buy, sell, deal in, distribute, **store, warehouse and export whiskeys** of all kinds, **high wines, alcohol**, and **spirits and gins** of all kinds and **all kinds of distillery products** and by-products thereof, to carry on the general business of **distilling, redistilling** and rectifying high wines, spirits and alcohol and of compounding and **blending of gins and whiskeys** of all kinds; to manufacture, buy, sell and deal in, store, warehouse, distribute and export grain, molasses and all articles used in connection with the operation of a **Distillery** and to **manufacture, sell, deal in, distribute, store, warehouse and export** all products or by-products of such articles; to do a general warehouse and storage business.

4. **To buy, manufacture**, sell and deal in malt and **malt extracts** and syrups and malt extracts product of all kinds and all products of a kindred nature and that either wholesale or retail.

5. To carry on the **business of Hotel, Restaurant, Cafe, Tavern, Saloon**, Beer House, Refreshment Room, Refreshment Booth, grounds and places of amusement and recreation, sport and entertainment where any of the articles manufactured or dealt in by the Company may be offered for sale.

PRICE $100.00 PER SHARE

Make Cheques Payable to the Company or any Responsible Broker.

Sleeman's Spring Bank Brewery Co. Limited

707 Temple Building, Toronto
Telephone Main 1573

It is intended in due course to apply to have these shares listed on the Toronto Stock Exchange.

S. W. BARBER, Fiscal Agent
707 Temple Building. Telephone Main 1573.

The statements contained in this circular are not guaranteed, but are based upon information which we believe to be reliable.

Brazilian Common Now Appeals as Investment With Brighter Future

Is Almost Unique Among Tramways in That Patronage Increases; Also Owns Power Distribution System and Telephone Lines

THIRD OF A SERIES OF ARTICLES ON COMMON STOCKS AS INVESTMENTS.

Brazilian Traction common is rapidly reaching the point where it is highly regarded from an investment viewpoint. The annual report will not be published for some months yet, but the figures available for 1926 show an increase of $4,211,322 in aggregate net earnings. The total for 1926 was $21,700,728, compared with $17,489,406 in 1925. There was a drop in earnings for the last two months compared with the corresponding period of 1925, but the net over the longer period is more to be considered.

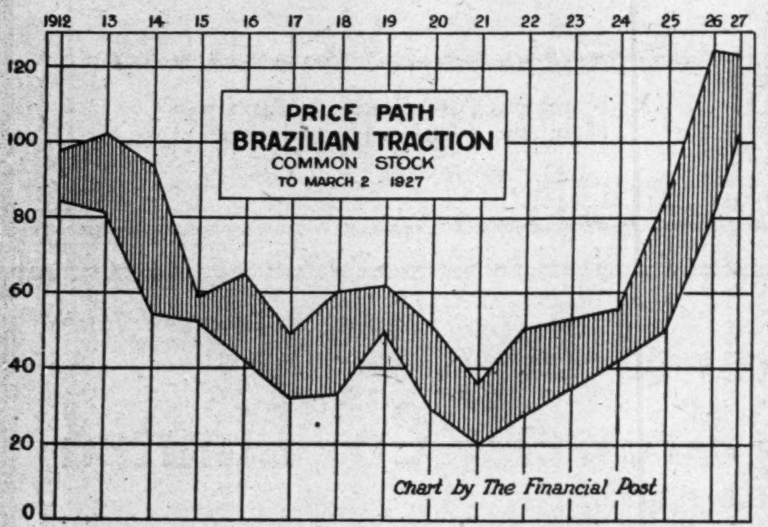
Brazilian Traction, Light & Power Co., a Canadian company incorporated in 1912, owns outright 99 per cent. of the stock of the Rio de Janeiro Tramway, Light & Power Co., the Sao Paulo Tramway, Light & Power Co., and the Sao Paulo Electric Co. Through the Rio de Janeiro Tramway it controls the entire capital stock of the Brazilian Telephone Co. dividend policy and while this may militate to the disadvantage of the speculator who buys this stock for a quick turn in the market, in the end a hesitancy in distributing earnings is to the advantage of the buyer of the stock for investment.

Exchange is Factor

There are two bearish factors with regard to investment in Brazilian. They are hardly serious, but they should not be overlooked. One factor which tends to keep the stock at a fairly low price is the rate of exchange on the milreis, the Brazilian medium of exchange, and the other is the possibility of political disturbances in the country which not only might impair the earnings of the company on the ground, but tend further to depress the milreis.

This company gets its revenue in the currency of Brazil and its profits are distributed to shareholders who are in Canada, Great Britain and the United States. The course of exchange has been erratic. There was a broad turn downward from 1914 to the end of 1915.

How Brazilian Common is Coming Back



The low point for Brazilian common was in 1921, when the milreis was on skids and no one could predict when the bottom would be reached. Brazilian common has been rising steadily for five years, and even more rapidly in the last fifteen months. Since it became apparent that inflation had been checked in Brazil and that the property is in a position to earn big sums. Brazilian common is attractive as a business man's investment.

Is Vast Property

It is a vast property. Assets at the end of 1925 totaled $275,391,263. Plant, equipment, etc., are valued at $131,000,000. Securities and advances to companies owned or controlled by subsidiaries are an asset valued at more than $68,000,000. Rights, franchises, goodwill, etc., are valued at more than $50,000,000. Sinking fund investments aggregate more than $6,750,000 and floating assets are worth nearly $20,000,000.

The company's tramways, etc., are in the cities of Rio de Janiero and Sao Paulo, where the population is in excess of 2,000,000, in a total area of 113 square miles. Electric light and power are distributed in these centres and surrounding territory totaling 2,600 square miles and containing a population of nearly 3,000,000. Gas is sold in an area of 82 square miles with a population of about 1,660,000. Telephone service is available in an area of 64,000 square miles with a population of about 6,500,000.

Directorate is Strong

Thus it will be seen that the company serves a populous district, deriving its revenues from a territory small compared with similar areas in Canada. The most northerly telephone line is less than 200 miles from Rio de Janeiro. The longest line is less than 250 miles from Sao Paulo.

What of management? Sir Alexander Mackenzie, the president, has spent almost a lifetime in Brazil and the success of the property is due to him and his subordinate executives. The executive personnel is considered high grade. The directors of the company are among the leaders in the financial and commercial world of Canada and Britain. Vice-presidents are E. R. Wood, Miller Lash, K.C., E. R. Peacock, R. C. Brown, H. Malcolm Hubbard, and A. W. K. Billings. Other directors are the Rt. Hon. Sir Thomas White, Sir John Aird, F. H. Phippen, K.C., A. P. Holt, D. B. Hanna, Clarence Dillon and J. W. McConnell. Few companies are so well served in this regard.

Most of the utilities which sell electric power as well as tramway service have to record that, while earnings are increasing from the sale of power, the revenues from the street railways are constantly dropping. This is not so with regard to Brazilian. In every year since 1915, the number of streetcar riders has increased. The 1916 figures were 266,757,729 and the 1925 figures were 526,240,551. If every street railway had shown similar growth there would be less cause for holders of their securitie to mourn.

Business Increases

The 1916 consumption of electricity was 266,704,000 kilowatts and the 1925 consumption was 479,541,000 kilowatts. There has been a fluctuation in gas sales but there has been, nevertheless, an increase of 40,609,000 cubic meters in 1915 to 71,020,000 cubic meters in 1925. There were only 26,490 telephones in the territory served by Brazilian Telephone Co. in 1915 and there were 81,752 in 1925.

There is hardly a doubt that the business will continue to grow, perhaps even in the street railway departments, for the company already has begun to operate buses, and it is reasonable to suppose that as the use of motor vehicles becomes more popular in Brazil, as in other countries, the company will be in better position to take advantage of the change in conditions than were street railway companies in America.

The directors adhere to a conservative

Through 1916, the currency was fairly stable at between 23 and 24 cents. Then there was an upward swing which carried the currency to above 26 in 1919. Then the real debacle came. In two years the drop was severe, until the milreis was worth less than eleven cents. Since then there have been fluctuations, but greater firmness has been displayed than for a long time and it is hoped that there will be stabilization around twelve cents.

While Brazil succumbed to the lure of inflation in 1919, the government in recent months has been taking steps to check the movement and to rehabilitate the credit of the country. All these efforts have not been attended with success, but the officials of the company and other observers are satisfied that there will be a steady, if slow, improvement and that the worst is over. In view of this, the exchange situation need not seriously concern anyone contemplating investment in the company.

And Brazil, be it noted, is one of the most stable of the South American countries, politically, as well as being the largest. It is growing and it is fair to assume that the utility company which serves its two principal cities will grow with it. Brazil is attracting immigraton from European countries whose peoples have been shut out of the United States by the quota laws of 1922 and 1924. While most of these immigrants are from the Southern European countries which have incurred the displeasure of the advocates of ascendancy of Nordics in North America, it is worth noting that the Southern Europeans are likely to find the Brazilian climate more to their liking, and possibly advantage, than the more rigorous climate of the Northern States or of Canada.

No Funded Debt

Thus Brazilian common commends itself as an investment because the company sells essential commodities in a community which is growing, because the company is aggressively, yet conservatively, managed, and because the bulk of the earnings are applicable to the common shares.

Brazilian has no funded debt and vast sums which have been spent in improvements, rehabilitation and expansion since the war have been financed out of earnings. With total assets of $275,000,000 and fixed assets of $131,000,000, the total Brazilian capitalization is only $120,000,000, of which $110,000,000 is common. The $10,000,000 preferred is 6 per cent. cumulative.

Brazilian common is now on a 6 per cent. basis, the rate having been increased from 5 per cent. in January of this year.

Mortgage Corp. of N.S. Earnings Are Larger

Mortgage Corporation of Nova Scotia had increased earnings in 1926, but increased taxes and expenses led to lower net profits. Comparative figures follow:

Profit and Loss

	1926	1925	1924
Earnings	$101,329	$93,526	$87,806
Less:—			
Deb. interest	21,902	20,545	17,950
Int. on deposits	1,749	1,524	1,387
Cap. calls	202	328	429
Expenses	13,584	12,765	11,537
Directors	1,600	1,600	1,150
Written off	2,500	....	5,000
Taxes	11,287	6,717	6,574
	52,824	43,479	44,027
Net profits	$ 48,505	$50,047	$43,779
Prem. on stock	......	597	639
	$ 48,505	$50,644	$44,418
Dividends	37,788	35,936	34,132
Reserve	12,000	14,000	10,000
Balance	x$ 1,283	$ 708	$ 286
Prev. bal.	1,283	575	290
P. & L. bal.	$.......	$ 1,283	$ 576

x Debit.

Total investments now amount to $1,312,866, an increase of $93,078. Capital, debentures and deposits all showed increases.

WIDE VARIATION IN GOVERNMENT COST

Taxation and Expenditures in West Much Higher Than in East

Some interesting sidelights on the cost of government in Canada are afforded by a summary of provincial revenues and expenditures, compiled on a per capita basis by the Citizens' Research Institute of Canada. While there is a similarity in the different functions performed, it is pointed out by the Bureau that each province has its own particular problems to contend with, which makes necessary the assumption of greater responsibilties and expenditures. Then, again, all provinces have not got control of their natural resources. Despite these differences, the computation on a per capita basis is of value inasmuch as it shows the general trend as well as the particular trend in each province.

The per capita revenues from taxation increased during 1925, as compared with 1924, in every province in Canada with the exception of Prince Edward Island, which had a small decrease. British Columbia was outstanding in this regard, with a revenue of $18.55, as compared with a gross total of $38.86. Per capita revenues from local sources exceeded per capita expenditures from such sources in British Columbia, Saskatchewan, Manitoba and Quebec. In Alberta and Ontario a noticeable improvement was recorded in this direction in 1925 over 1924, and a similar improvement last year would add these provinces to the list. Prince Edward Island has also shown considerable improvement.

Per Capita Cost of Government

	Revenues	Expenditures
B. C.	$38.86	$38.67
Alta.	18.76	19.76
Sask.	15.27	14.46
Man.	14.57	14.32
Ont.	12.14	13.80
Que.	10.20	9.81
N. B.	9.33	11.27
N. S.	7.55	10.44
P. E. I.	8.54	9.14

Expenses Are Kept Down

Expenditures on debt charges show an increase in Manitoba, Alberta, Nova Scotia, New Brunswick, British Columbia and Prince Edward Island. Quebec remain unchanged, while Ontario and Saskatchewan record decreases. There are no radical changes in the per capita expenditures under other headings. For example, under education, while the per capita for Quebec was the same, small increases were shown in the other provinces witht the exception of Saskatchewan, where there was an increase of 98 cents, and in British Columbia of $1.02. Under legislation and government there was a decrease in British Columbia, Ontario and Prince Edward Island, the other provinces showing slight increases. Expenditures for administration of justice show little variation from 1924, and the same was true with the outlay per capita on agriculture. For public welfare, increases are shown in Manitoba, Ontario and Saskatchewan, British Columbia, Alberta. Prince Edward Island had a smaller expenditure for highways in 1925, while the other provinces recorded a slight increase.

This report discloses the significant fact that the per capita taxation in the western provinces is much higher than in the east. The same is true of expenditures. A comparison of the two items shows that British Columbia, Saskatchewan, Manitoba and Quebec had a surplus during 1925, as compared with 1924, while the other provinces had a deficit ranging from 60 cents per capita in Prince Edward Island to $2.89 per capita in Nova Scotia.

Saskatchewan Mortgage Reserve Now $100,000

A very substantial increase in profits was recorded in 1926 by Saskatchewan Mortgage and Trust Company, enabling the company to resume dividends again, which have been suspended since 1923. Company paid 2½ per cent. on February 1 out of 1926 profits. Comparative earnings figures follow:

Profit and Loss

	1926	1925	1924
Profit	$48,497	$33,967	$28,523
Taxes	$ 4,873	$ 3,356	$ 1,095
Writ. off trust loans	....	....	16,004
Alter. to bldg.	....	....	7,164
	$ 4,873	$ 3,356	$24,263
Net profits	$43,624	$30,611	$ 4,260
Distribution—			
Dividends	20,613	....	....
Int. on stock	......	....	706
Reserve	20,000	30,000	9,617
	$40,613	$30,000	$10,323
Balance	$ 3,011	$ 611	$x6,063
Prev. balance	3,302	2,691	8,754
P. & L. balance	$ 6,313	$ 3,302	$ 2,691

x—Debit.

President A. E. Whitmore, in his remarks to shareholders, stated that the report showed that the company was fast regaining the ground it lost. He referred to the $100,000 reserve that had been built up and to the enhancement in price of the shares.

Messrs. PETER L. BROWNE and ALLAN G. URQUHART announce the formation of a partnership under the firm name of

Browne and Urquhart

MEMBERS MONTREAL CURB MARKET
180 ST. JAMES STREET
MONTREAL

Complete facilities have been provided for the execution of orders in securities listed on the MONTREAL CURB MARKET

PERSONALIZED SERVICE

Announcement

We wish to announce that the business hitherto conducted under the firm name of

VERSAILLES & CO.

has been changed to

VERSAILLES, L'ESPERANCE & CO.

MEMBERS MONTREAL CURB MARKET
Versailles Building — MONTREAL — 90 St. James Street
Telephone MAin 7080*

Bought — Sold — Quoted
MONTREAL CURB MARKET SECURITIES

The Canadian National Market

With a Population of Less than 10,000,000 people

CANADA in 1926—

—MINED MINERALS equal in value to the mining output of the United States when they had a population of 38,000,000;

—MANUFACTURED as much as the United States did when they had a population of 50,000,000;

—HAD A FOREIGN TRADE equal to that of the United States when they had a population of 76,000,000;

—DID ONE-FOURTH AS MUCH EXPORT TRADE as the United States with less than one-twelfth the population;

—HAD THE LARGEST FAVORABLE TRADE BALANCE of any nation in the world, $400,000,000.00;

SPENT $110,000,000.00 on the purchase of automobiles; and at the same time

—INVESTED $560,000,000.00 in Bonds and added nearly $100,000,000.00 to her Bank Deposits.

"The Canadian National Market in 1927" is the title of a folder fresh from the press. It gives a wealth of information from government reports, from the great banking institutions of the country and from other reliable sources, showing the standing of business in Canada at the opening of the new year, together with many sales indices that should be of interest and value to salesmanagers and advertisers who are interested in developing business in this country. Any such who have not received a copy are cordially invited to write for one while they last.

Address: MacLean's Magazine
153 University Ave., Toronto, Canada

MACLEAN'S
"CANADA'S NATIONAL MAGAZINE"

TOBACCO GROWING ASSUMES PLACE OF IMPORTANCE

Industry Expands in Different Parts of the Country

It may safely be said that greater interest attaches to the production of tobacco in Canada at the present time than ever before. Tobacco growing in the Dominion has come to have a really significant future and the commodity to be a worthwhile item of external trade. Canada has come to realize that this product, indifferently regarded heretofore, may be made to produce a much higher revenue. British manufacturers have been largely responsible for demonstrating its qualities and the British preferential tariff has ensured a regular market. As a result the possibilities of growing tobacco in Canada are attracting more attention than ever existed and the future unquestionably will see considerable expansion, says the Canadian Pacific Railway's monthly bulletin.

Final figures on the Ontario tobacco crop of 1926 show 23,493 acres planted, as compared with 18,261 acres in 1925, and 13,273 acres in 1924. Production of salable tobacco amounted to 20,064,000 pounds, as compared with 20,623,000 pounds in 1925, and 11,032,000 pounds in 1924. This is the largest acreage devoted to tobacco growing on record in Ontario, the previous high mark having been 19,621 acres reached in 1920. The yield in this province would have been much higher, the estimated prospective production having been 27,621,000 pounds but for a loss of 7,557,000 pounds due to unfavorable weather conditions in the fall of the year. The yield in 1926 is a little lower than that of 1925, which was the province's record.

Our Imports and Exports

In reviewing trade between the two countries, the C.P.R. monthly bulletin says that mutual trade between the two countries has expanded considerably since the war, and this tendency is now likely to be stimulated. In the year 1916, Canada imported from Cuba to the value of $1,540,519 while exporting to that country to the value of $1,431,290. In the twelve months ended November, 1926, the Dominion's imports from the Republic were $8,074,101, while her exports to that country amounted to $8,099,890. The tendency, however, has been for Canada to buy from Cuba to a greater extent than she sells to that country, as indicated in the figures of previous corresponding year to the above when export trade totaled $7,486,472 and imports amounted to $11,424,570. It was more pronounced in the fiscal year 1920, when Canada's exports amounted to only $6,858,661 while she imported to the value of $17,575,528. It is only to be expected that the trade treaty will stimulate Canadian exports to Cuba and bring about a more stable and even balance of trade.

Sugar and Tobacco

The principal imports of Canada from Cuba, as indicated in the trade figures of the last fiscal year, are: sugar, $9,982,000; tobacco $823,246; and cigars $116,926. The Canadian sugar refining industry, which has been built up entirely on imported raw material, has been accustomed to purchase to a heavier extent from Cuba than from any other individual country. Imports of tobacco from Cuba are quite substantial and that country is Canada's chief source of imported cigars. Both are products, the importation of which is likely to be affected in the future, the one by the progress of the domestic sugar beet industry and the other by the growing appreciation of home-grown tobacco, but it will be some quite considerable time before such influences are felt.

Quebec and British Columbia

In Quebec the 1926 tobacco acreage was 9,808 acres, as compared with 9,554 acres in 1925 and 8,044 acres in 1924. Production amounted to 8,693,000 pounds as compared with 8,632,000 pounds in 1925, and 6,576,000 pounds in 1924. Though it is apparent that tobacco growing is similarly increasing in Quebec, an adequate amount of attention is not being paid to it, and it is thought that the crop could be made more profitable than at present by improved methods of culture and handling. Quebec reached its maximum acreage of 22,360 acres in 1919 and its record production of 16,770,000 pounds in the same year.

The Province of British Columbia, in the first year of its revivification of the industry, grew 55 acres of tobacco which produced an average of 67,000 pounds. This is approximately the average acreage grown in the original stage of the industry, and compares with 81 acres planted in 1919 when the industry reached its height. According to report, this crop was sold in January in its entirety to a Vancouver manufacturer on the following basis:—12 ins. up to 18 ins., 18c. per lb.; 18 ins. and over, 25c. per lb.; trash and culls, 10c. per pound; top leaves to be included in the 12 to 18 ins. size. Ninety per cent. of the buying price was paid on acceptance of the tobacco, 10 per cent. being withheld until grading. Entire satisfaction is expressed by the manufacturer who purchased the year's crop.

Ontario Extending Acreage

In 1926, upon the announcement of the British preference, a substantial acreage of new lands in the established tobacco districts of Ontario was planted. This, while naturally having little effect on the 1926 production, will have a marked bearing on that of the future. In the following summer the Provincial Government instituted a comprehensive survey to determine lands in other parts of the province suitable for tobacco growing. This has made a yet larger acreage available for the expansion of the culture in Ontario.

The past winter has witnessed brisk activity in this province in preparaton for the plantng of a much larger acreage this year. In the Chatham area new tobacco sheds have sprung up on a large scale. The demand for tobacco growing land is reported as unprecedented and a movement has set in of tobacco growers from Virginia and North and South Carolina. St. Thomas reports that within six weeks fifteen large farms have been purchased by tobacco growers from the Southern United States and from Leamington. Many contracts have been awarded for the erection of drying kilns. There is every indication that Ontario is setting out on an extensive program of tobacco growing and that growers across the line are alive to the opportunities existing.

Okanagan and Annapolis Valleys

As a result of the satisfactory Government experimentation in British Columbia and the success of the last year's crop, that province is forging ahead in a significant manner. A tobacco growers' association was formed last year in the Okanagan Valley to move forward the industry in the best manner possible. Definite assurance is given of a substantially larger acreage being planted this year. The acreage about Kelowna, which has so far been the only centre of production, will be increased, and in addition 200 acres are to be planted out at Keremeos, Cawston, Oliver and Osoyoos. Tobacco growing in the Pacific coast province has got under way with an enthusiasm which was not apparent in the first attempt.

The stimulus imparted in the established growing areas is reflected in a marked exhibition of interest in other parts of the Dominion whose potentialities have never been contemplated. Experiments in production at Digby, Nova Scotia, in the past two summers have turned out quite successfully, leading to the conclusion that the soil and climate of this territory are suited to the cult. The tobacco, when prepared for use, is light in color, and resembles in appearance and taste many well-known Canadian brands.

Turkish Produced in Alberta

Turkish tobacco was successfully grown in Alberta last season when one thousand pounds were produced by a grower at Edmonton. This individual, who has had experience in the cult in Turkey and Connecticut, U.S.A., prepared three-quarters of an acre, grew seedlings from ten varieties of seed, transplanted in June. and harvested the crop before any real danger from frost had occurred. Of the ten varieties, Turkish, White Burley, and Orinoco proved most successful, demonstrating the suitability of the area to the production of pipe and cigarette tobaccos but not cigar stock. Eight acres are ready for planting this spring and a greenhouse installed for preparing seedlings.

It is impossible to conclude otherwise than that there is a decidedly prosperous future ahead of this expansion of tobacco growing in Canada. Imports of Canadian tobacco by Great Britain practically trebled in 1926 over the previous year amounting in value to $1,873,639. In combination with this increasing favor abroad consideration must be given to the fact that figures of Canadian production do not yet meet domestic consumption and the export trade is offset by a substantial import trade.

New Western Director Trusts and Guarantee

Horace A. Howard, for fifteen years Alberta manager of The Trusts and Guarantee Limited, was elected a director at the annual meeting of the company held in Toronto. Mr. Howard, who has been connected with the Trusts and Guarantee for twenty years altogether, is a Toronto product. He has been prominent in the public life of Calgary, having served as president of the Board of Trade in 1924, as president of the Kiwanis club in 1920, as chairman of the City of Calgary Sinking Fund Committee, since this was organized two years ago. He is now president of the Civic Government Association of Calgary and of the Mortgage Loans Association of Alberta which is affiliated with the Dominion Mortgage and Investment Association of Toronto. Between times he plays a pretty fair game at the Calgary Golf and Country Club.

AMERICAN CROOKS SEND FAKE STOCK PAPERS TO CANADA

Tipster Sheet, Outwardly Independent, is Newest Con Game

Canadians—especially those who are shareholders in American companies—are receiving free subscriptions to numerous fake financial publications from the United States. These publications, made up like newspapers of the physical form of The Financial Post, are ostensibly independent newspapers covering the whole range of investment finance. They have a certain price per copy marked on them; have a yearly subscription price and are all published by This or That Publishing Company.

In reality, they are fraudulent sheets gotten out by unscrupulous promoters to boost shady stocks.

How Swindle is Worked

One such publication to hand has articles on a number of important American stocks. It has answers to inquiries purporting to have been received by the paper from its numerous subscribers and in most of the cases, the advice given is sound. But danger spots are there, even if concealed in subtle fashion. For instance, one subscriber is told to sell out his holdings and to buy a certain copper stock. This stock is an out and out swindle and is being offered by the brokerage house that is concealed behind the paper. Throughout the entire paper the name of this stock is constantly bobbing up. There is a long review of it, quotations on its stock, etc.

The whole publication is gotten out to sell this stock. A number of these publications have been coming across the border, unsolicited by those who get them, and each tries to work the same dirty game.

Now Even Send Bill

Some of them try to get paid subscriptions. The one referred to previously sends out a few copies of the paper to its list of prospects and then sends a bill for $5 for a year's subscription. If the five dollars is not sent the paper continues to come anyway until the stock broker is convinced that the recipient can not be induced to buy his stock or until, perhaps, he has all his prospect's money.

An even more brazen feature of the bill is that it provides space for the "subscriber" to list his security holdings for a free analytical report. Obviously, any investor who sends such a list of holdings to the "publisher" of the paper will receive an urgent reply, telling him that General Motors Corporation is sinking fast, that Bell Telephone is on the rocks, that Montreal Power is too high and ought to be sold. And he will be told that the stock to put his money into, when he gets out of these other corporations, is the particular one the broker is trying to foist on the public.

The papers apparently have not a long life. One paper which came out for a few months has changed its name and form and even the stock that is being offered. But it is the same broker and the same game.

Better Business Bureau Attacks Them

Here is what the Better Business Bureau of New York has to say about these swindling tipster sheets. Incidentally the operator referred to is known to have sent thousands of copies of his papers to Canada:

"Styles in stock swindling shift as apparel fashions change.

"Designers of devious and subtle ways to beguile the unwary have found a new mode in the 'tipster' sheet. To the professional stock swindler this device, besides being potent, holds the hope of evading the penal law. At Boston and at New York, in late months, over a dozen 'tipster' publications have sprung into existence. They purport to give disinterested stock market information and investment advice, but actually they intend to influence the purchase of particular securities in which the publisher is interested and from which he hopes to profit enormously.

"Fake market-letters and investment advisory services have been used to supplement or imitate such tipster publications. There is scarcely an instrument of or aid to the legitimate securities business that is not at some time appropriated and debased by stock market pariahs to their evil purposes.

"It is estimated that a leading exponent of this artful method has disposed of at least $10,000,000 in stocks with the facilities of a make-believe market at his disposal. He has made millions for himself in the process. He launched attacks through the columns of his spurious financial journal against the reports of the securities of reputable corporations and thus endeavored to shake the confidence of their shareholders, in the hope a portion of the investable funds released would be put into the stocks recommended by the tipster."

Car Loadings Featured by Big Merchandise Movement

The heavy movement of mercahndise, which has characterized car loading reports since the beginning of the year, was even more pronounced during the week ended February 26th last, when of a total of 60,848 cars loaded, 16,147 were classified as merchandise. In the previous week 15,961 cars of merchandise were loaded, the increase being accounted for by heavier loadings in the western division which were enough to offset the decrease in the east.

Since the beginning of the year, aggregate car loadings have totaled 475,480, or about 34,000 more than in the corresponding period of the previous year. In comparison with the same period of 1925 the increase is even more striking, the difference being some 50,000 cars. With the exception of forestry products and ore, all commodity divisions show an increase this year as compared with 1926, the heaviest being that of coal.

DOES THE CANADIAN NEWSPRINT INDUSTRY FACE DEPRESSION?

ABITIBI
BROMPTON
INTERNATIONAL
LAURENTIDE
PRICE BROS.
SPANISH RIVER
WAYAGAMACK

In view of the constant gain in capacity, many fear that the Canadian newsprint industry faces a period of prolonged depression. This important matter is fully and frankly discussed in our current review. Ask for a copy.

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NEW ISSUE

$300,000

St. Catherine Improvement Company

6½% First (closed) Mortgage Leasehold, 20-Year Sinking Fund Gold Bonds

CAPITALIZATION

	Authorized	Issued
6½% First (closed) Mortgage Leasehold 20-year Sinking Fund Gold Bonds.....	$300,000	$300,000
No par value Common Stock...........	10,000 Shares	10,000 Shares

PROPERTY: The company owns the leasehold of the Grey Nuns' property at the corner of St. Catherine St. West and St. Matthew St., Montreal, comprising 45,320 sq. ft. On these premises a two-storey reinforced concrete, fireproof building, known as the Automobile Sales Building, has been erected. It provides approximately 87,640 sq. ft. of rental floor area in the most suitable section of Montreal.

SECURITY: This issue is secured by a first mortgage on the building and leasehold on the entire property. Proceeds of the issue will be used to liquidate a bank loan of $200,000 and to meet the balance of construction costs. After completion of the present financing the only indebtedness of the company will be its outstanding bond issue.

VALUATION: Valuation of the building and leasehold by Ross & Macdonald, the architects, is $594,000. The bond issue, therefore, constitutes a mortgage at the rate of about 51% of such valuation.

EARNINGS: Average annual net earnings during the life of the bond issue, based on present rentals, after operating expenses, taxes, sinking fund, etc., available for bond interest, is estimated at $31,900, or more than three times the average annual interest requirements. After deducting average annual bond interest of $10,237, the average annual earnings available for common stock would be equal to more than $2 per share. All space available is rented, assuring an annual gross revenue of about $80,000.

SINKING FUND: The Trust Deed provides for redemption of the bonds by the payment to the Trustee of $17,500 annually. The sinking fund will be sufficient to redeem all the bonds before maturity.

PRICE: Par and accrued Interest carrying 4 shares of no par value Common Stock with each $1,000 of bonds.

(Fractional shares of no par value common stock will be adjusted at the rate of $25.00 per share.)

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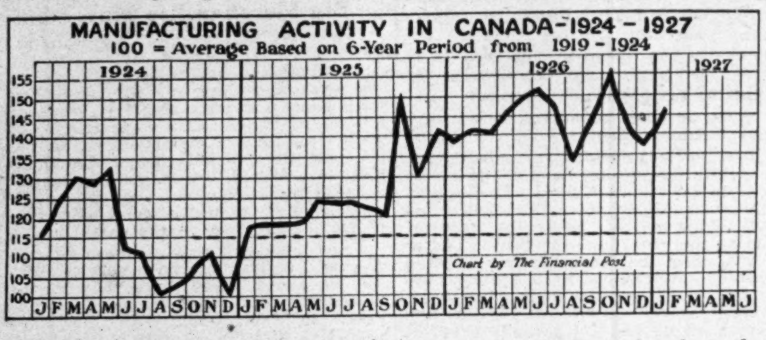
Volume of Manufactures Shows Steady Increase Over Three-Year Period

Minor Recessions in One or Two Lines More Than Offset By Increased Activity in Others; Outlook Encouraging

Manufacturing in Canada, as represented by the index number of physical volume, has steadily increased during the past three years. On the basis of the six year period from 1919 to 1924, returns show that in 1924 activity was from 5 per cent. to 33 per cent. above the level. The situation in the following year was decidedly upward, the increase ranging from 17 per cent. to 50 per cent. Except for minor breaks in July and August, and a small recession in October and November, the high level of production in 1925 was maintained throughout 1926. The report for January last shows an upward swing, the index number standing at 147.2, as compared with 139.5, 117.7 and 117 in 1926, 1925 and 1924, respectively.



Of the eight major classifications listed under manufacturing, iron and steel is one which has failed to fully benefit by the improvement in industrial conditions during the past year or two. Pig iron output was better in 1926 than in the two preceding years, but steel showed very little change from 1925. During January, 1927, steel was only 89.5 per cent. of the six year level, as compared with 104.6 for the same month a year ago. Comparison with January, 1925, is unfavorable, owing to labor troubles at that time. Pig iron production, on the other hands, was 87.8 in January, 1927, the lowest since September, 1925.

Automobile Output High

Allied with iron and steel is the automobile industry, which has experienced exceptionally good business, and which is in turn reflected in the production index. In October, 1925, the index of volume of business reached a high point of 199.6, or nearly double the monthly average of the six-year period. Several months during the past year, the index passed the 200-mark, reaching a new high of 253.9 in May. This year opens auspiciously with an output mark of 195.6.

Of the other divisions sugar, lumber and flour exports have not been overly active. The sugar industry has not fully recovered from the severe setback when the market for raw sugar broke in 1921, but results in the past two years indicate a fair degree of stabilization. The index number for January, 1927, stood at 146.1. Lumber exports have not shown any great improvement since 1924, and although domestic demand has been better, operations have been restricted. Those mills depending more on domestic than export demand, have been fairly active, which has helped to maintain the index number above the 100 mark.

Flour production is in a similar position to that of lumber exports. Foreign demand has been good at times, but spread over the year, operations have shown a tendency to decline, this being more noticeable in a comparison of production figures over five-year periods. In December last, the index stood 23.2 per cent. above the six-year average, and although January figures are not available it is known that production was considerably curtailed.

The bright spot of manufacturing, aside from automobiles, is to be found in the newsprint industry. The growing demand, coupled with a rapid increase in production, has caused the index number of physical volume of business in this industry to soar far above the basic level. The interesting feature of the index is that it has increased steadily from month to month, with hardly a recession, during the past three years. In January, 1927, production was 83.4 per cent. above the level of 1919-1924.

Favorable Start for 1927

Thus it will be seen from the foregoing that while a number of the manufacturing industries have not kept pace with the general improvement, the advance made in such lines as newsprint, automobiles, etc., has been more than enough to offset any loss. The curve on the chart shows the manner in which the physical volume of business has steadily mounted and the promising indication of a continuance of the high volume of 1926 during the present year.

ONTARIO REPEALS RADIAL GUARANTEE

Sale of Rights-of-way To Reimburse the Interested Municipalities

Legislation has been passed by the Ontario Government repealing the province's authority to guarantee bonds in behalf of a radial railway scheme. The economic difficulty of operating a radial line profitably in the face of motor car and bus competition has become such, Premier Ferguson explained with regard to the legislation, that the Government did not consider the province should be permitted to assume any liabilities in connection with such roads.

The Hydro Commission took the stand that the bonds had been pledged in connection with the radial project as a whole, and that as the scheme had been dropped largely at the instigation of the municipalities, they should assume certain preliminary expenses incurred, principally for the purchase of rights-of-way. The municipalities on the other hand, contended that the bonds had been pledged to meet possible operating deficits and that in lieu of any operating deficits they should be returned.

It is stated that the money spent on rights-of-way would not be entirely a loss, since the lands acquired had a certain market value, and could eventually be realized so as to retrieve a good portion of the money spent.

More Building in Greater Vancouver

Building operations in Greater Vancouver this year are on an even more extensive scale than last, when weather conditions are taken into consideration. Building permits this year to date exceed in value those of January and February of 1926 by a small margin, having amounted to $3,091,090, as compared with $2,893,130.

Last winter was mild and suitable conditions existed throughout for construction work. Repeated cold snaps and much changeable weather this winter have combined to deter the city's building programme. Considerable construction work has been delayed until spring.

Expand on Pacific Coast

New England Fish Co. has purchased a great salmon cannery plant at Cordova, Alaska. Its subsidiary, Canadian Fishing Co., has bought the Splan cannery in Queen Charlotte Islands.

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HOLDING COMPANY IDEA PROGRESSES IN THIS COUNTRY

International Power and Power Corp. Prove Popular With Investors

For over 200 years, the principle of diversification has been followed by Lloyds and many other insurance companies. This fundamental of investment has demonstrated its soundness in many kinds of insurance business throughout the world. For a long time, the correctness of the principle has been further demonstrated, especially in England, by the diversification of investments in many related and unrelated industries located in different countries.

Some fifteen years ago, the principle of diversification was successfully applied through a holding company to the operation of electric power and light and other utilities in a highly specialized way in the United States.

Since then, there has been a rapid growth in the holding company idea, more especially as it has been found that such a combination resulted in lower costs, much better service to the public and greater safety to the investor. Thus, although the subsidiary companies may be widely separated, they can, by acting in conference, buy in larger quantities and obtain better prices, and can also afford to employ a common technical staff of specialists with more experience and more ability than could any one company operating independently.

Appear In Canada

Within the past year or two, these power investment holding companies have made their appearance in Canada, principally in the form of the International Power Company and the Power Corp. of Canada. There seems no doubt that, given able management, such a form of investment can produce for the investor greater safety, and for the consumer better service at lower cost. By grouping in this way, the less-densely populated districts and the smaller communities are able to obtain a service which would otherwise be impossible.

The holding company idea offers many advantages to its shareholders. Perhaps the greatest of these is the actual control of the properties in which the money is invested. Moreover, the subsidiaries operate under an expert engineering supervision such as small individual companies could afford. Then again, the investor obtains a geographical distribution of his investments which, in the case of International Power, includes Central and Southern America, and North America.

Effect of Business Cycle

The International Power Company also obtains a stability of earning power arising from the operation of growing public utility companies in countries each of which produces a different basic product. It can be anticipated that no change in the business cycle could affect all the properties in the same way. Probably, if business declines in one particular country, it will show an equal increase elsewhere.

One of the attractions of the International Power Company's common shares lies in the fact that, unlike many Canadian and U.S. centres, where the power saturation point has been reached at least for the time being, many of the International Power's subsidiaries are located where power development is only yet in its primary stages—a condition which points to a markedly increasing use of electrical power.

The Power Corporation, on the other hand, obtains its diversification by investing in companies each of which serve a different field. One serves the base metal mining field, another the precious metal mining field, a third an agricultural district, and a fourth a large city. Both companies thus have the elements of stabilized earning power.

Anglo-Canadian Progresses

MONTREAL. — The Anglo-Canadian Pulp and Paper Mills is making satisfactory progress on the erection of its plant at Limoilou, near Quebec. A start has been made on the brickwork of the plant.

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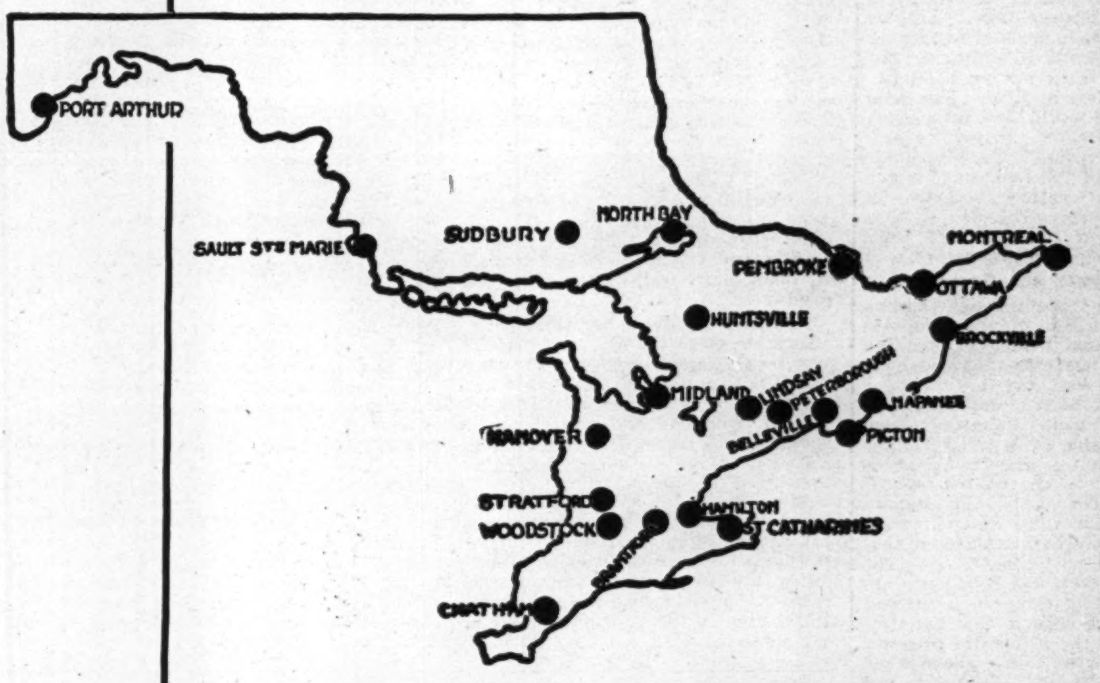

Introducing Canada's Greatest Chain Store System

FORTY or fifty years ago a trip to town was an event in the life of the rural dweller, frequently occasioning the loss of a day's time, often accompanied by hardships of weather and transportation. Yet, even in grandfather's day, the department or general store formed not merely the shopping, but also the social centre of rural life, and it was then that the foundations were laid for many a successful business.

* * * * * *

Since those days, in spite of the keen price arguments advanced by the mail-order houses, the local department store has continued to find favor with the community which it has served so faithfully, and continued to enjoy the confidence of the buying public.

* * * * * *

Now a new and even brighter day is dawning for these stores. Together, the leading department stores of many important cities in Eastern Canada, as shown on the map, are combining the better to serve their communities, in an extensive co-operaive movement which will enable the local department store to compete successfully with the mail-order concern, and to give the rural and small city dweller the same advantages of personal selection and low price as are enjoyed by the buyers in the largest city stores. This great consolidation is known as the Canadian Department Stores, Limited.

* * * * * *

The average age of these stores is in excess of forty years, and some of them were serving the populace long before the days of Confederation or before the country was united by the telephone and railroads. Throughout these years all the stores under individual management have been consistently profitable and successful. Former owners will continue as managers, and have invested to an average extent of over $100,000 or a total of more than two and a half million in the project.

* * * * * *

The remarkable financial success of chain stores recently established in Canada and the United States speaks volumes for the future possibilities of the Canadian Department Stores, Limited. Sales for the 12 leading chain stores in the States last year totalled more than $660,000,000—a gain of $80,000,000 over 1925.

* * * * * *

Through centralized buying, Canadian Department Stores, Limited will have direct access to world markets and will be able to undersell and outsell competitors. Cash transactions will be encouraged and bad debts eliminated. New branches will later be opened in Ontario and other parts of the Dominion. With the modern ease of transportation, present good roads, and with the substantial advantages and economies of large volume purchasing and strong management, these stores are bound to merit and receive an increasing share of patronage and prosperity.

Canadian Department Stores, Limited, the largest chain store system in Canada, includes the following stores:—

Duncan Ferguson Co., Limited, Stratford
Dundas & Flavelle, Limited Lindsay
The Ritchie Co., Limited, Belleville
E. J. Coles Co., Limited, Woodstock
The Chas. Austin Co., Limited, Chatham
A. Bristol & Company Picton
The Robt. Wright Co., Limited, Brockville
H. H. Engel & Co., Limited, Hanover
Bryans Limited Sault Ste. Marie
The Robinson Co., Limited Napanee
Ogilvie-Lochead, Limited Brantford
A. A. Fournier Limited Ottawa
Beamish & Smith, Limited North Bay
Huntington's Limited Midland
The Cressman Co., Limited Peterborough
Beamish & Adams Huntsville
McLaren & Co., Limited, St. Catharines
I. L. Matthews & Co., Port Arthur
Letendre Limited Montreal, Que.
Stafford Limited Sudbury
Fenton & Smith Pembroke
F. Pratt, Limited Hamilton

We are offering First and Refunding Mortgage Income Gold Bonds in Canadian Department Stores, Limited, at 100, to yield 7%.

There will be delivered with each $1,000 bond of this series ($4,250,000) five shares of the no par common stock of the company.

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